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IRA Bombs Kill 8, Injure 53 In Two London Park Blasts



A woman in Hyde Park received emergency treatment after a car bomb packed with nails exploded Tuesday near a procession of the Queen's Household Cavalry, killing two soldiers.

The Associated Press
LONDON — Two bombs exploded Tuesday, one at a bandstand in Regent's Park while an army band was playing, and the other in Hyde Park near a passing unit of the Queen's Household Cavalry. Eight British soldiers were killed and 53 persons were wounded, police said.

The outlawed Irish Republican Army said it was responsible for both blasts. The IRA has waged a guerrilla campaign to force the British out of Northern Ireland.

Police said that the Regent's Park explosion killed six bandmen of the Royal Green Jackets regiment and injured 30 persons. In Hyde Park, two troops were killed and 23 persons injured. Scotland Yard earlier had reported nine soldiers dead.

In the House of Commons, Michael Foot, the leader of the opposition Labor Party, condemned the IRA for the attacks. Prime Minister Margaret Thatcher welcomed his remarks and said, "These callous and cowardly crimes have been committed by evil and brutal men who know nothing of democracy, and we shan't rest until they are brought to justice."

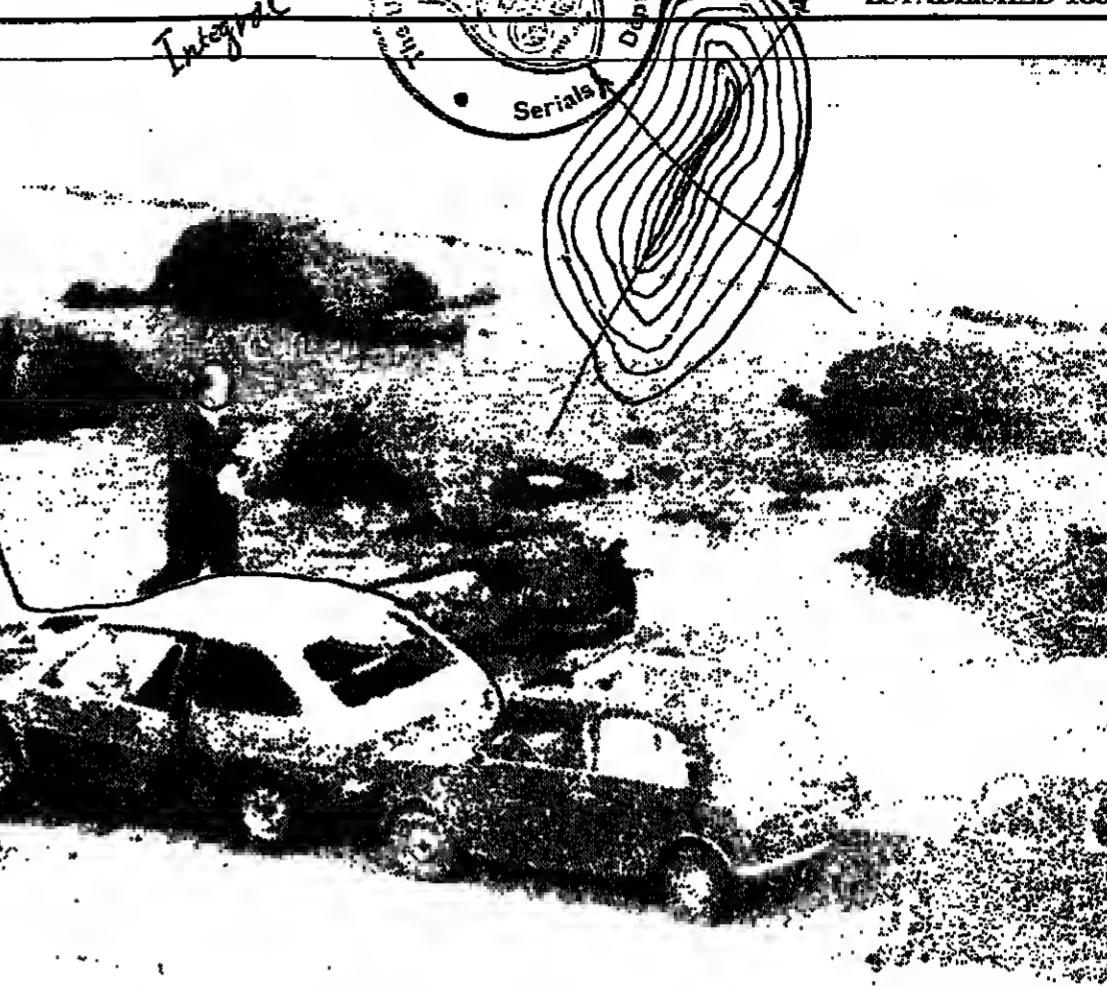
In Dublin, Irish Premier Charles J. Haughey called the bombings "callous and inhuman," and Garret FitzGerald, leader of the opposition Fine Gael party, said, "These murders will cause a sense of shame and revulsion among all Irish people."

The Regent's Park bomb, controlled by a timer, went off under a bandstand where the 30-man Royal Green Jackets band was playing for dozens of spectators.

One witness, Ronald Benjamin, said: "I was just sitting in a deck chair looking at the band when everything seemed to come up from the bottom of the bandstand and blow right in the air — the bodies, the instruments, everything. A leg came within five feet of me. It was blown right off. There were mangled bodies all over the deck chairs."

Frederick Douglas, a workman, said: "I went over to the band stand and there was an awful sight. There were spectators running away in shock all over the place and I counted 16 soldiers lying on the ground. It was a really terrible sight. I couldn't believe it. One soldier was lying there, groaning with his hands on his stomach and blood pouring through them."

The Regent's Park blast came nearly two hours after the first bomb went off at 10:45 a.m. local time in a parked car in Hyde Park, about half a mile (800 meters) from Buckingham Palace. Ann



Seven horses of the Queen's Household Cavalry lying near the shattered remains of an automobile in which a nail-packed

bomb exploded Tuesday in London. All seven horses died in the IRA attack, only half a mile from Buckingham Palace.

Neill, a palace spokeswoman, said the explosion shook the windows. Cmdr. William Hucklesby of Scotland Yard's anti-terrorist branch said the bomb in Hyde Park was packed with 10 pounds (about four kilograms) of explosives and four- to six-inch (10- to 15-centimeter) nails. He said there was no warning.

Police said the bomb was set off by remote control as the 15 cavalrymen rode by clad in their ceremonial armor on their way to the changing of the guard at Horse Guards military parade ground.

Seven Horses Killed

"Horses were literally thrown in the air and there were injured lying all over the place," said an eyewitness. "There was blood everywhere. It was terrible." Seven horses were killed.

Dozens of those injured in the two blasts were given prompt treatment in National Health Service hospitals, despite a nationwide pay strike by up to 1 million hospital workers.

It was the first outbreak of IRA terrorism in London since a series of bombings last year following the October collapse of the seven-month IRA hunger strike campaign over prison conditions in Northern Ireland.

The IRA is seeking to unite the Protestant-dominated provinces toward the overwhelmingly Roman Catholic Irish Republic to the

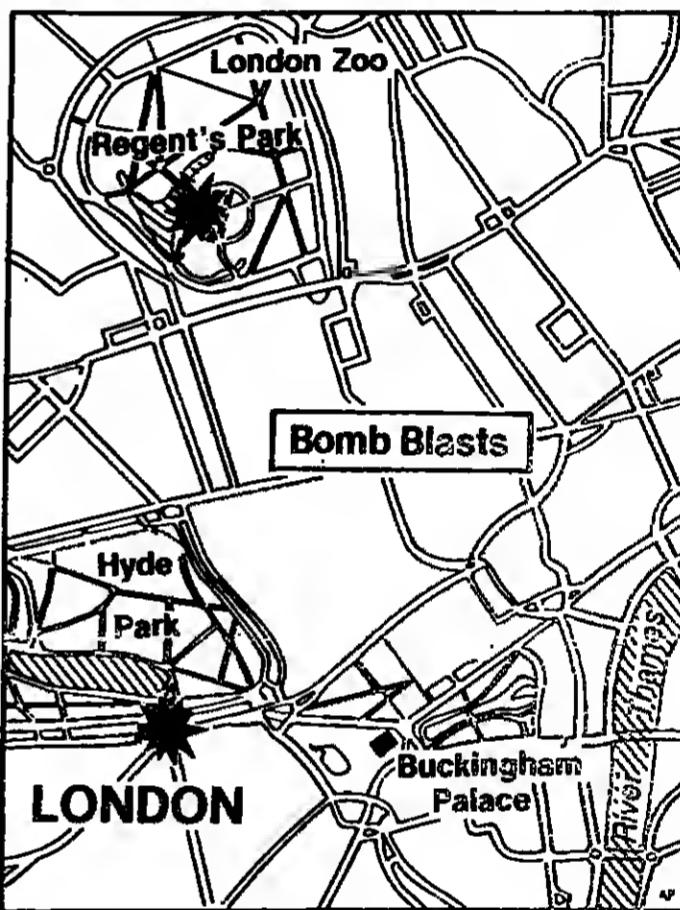
south. The Royal Green Jackets band was on a two-week break from duties in Northern Ireland, officials said.

The IRA issued two statements claiming responsibility for the blasts. The first, telecast to news organizations in London from the Belfast office of Sinn Fein, IRA's political front, was signed P. O'Neill, Irish Republican Publicity Bureau, Dublin, the normal channel for IRA claims of responsibility for attacks.

It said, "The Irish Republican Army claims responsibility for today's bomb attack in London on members of the Household Cavalry. Now it is our turn to properly invoke Article 31 of the UN Statute and properly quote all Thatcher's fine phrases on the right to self-determination of people. The Irish people have sovereign and national rights which no task or occupational force can put down."

Mrs. Thatcher cited Article 51 of the United Nations Charter as the legal basis for Britain's dispatch of a task force to recapture the Falkland Islands from Argentina.

Scotland Yard sources said they thought the bombings could have been motivated by a Dublin court case July 13 in which IRA member Gerard Tuite, 27, was sentenced to 10 years for possessing explosives and bomb-making equipment.



Reagan Reportedly Decides To Seek Test-Ban Changes

Compiled by Our Staff From Dispatches

WASHINGTON — President Reagan has decided to ask the Soviet Union to renegotiate some provisions of two treaties limiting nuclear testing to strengthen measures to detect cheating, senior U.S. officials said Tuesday.

The officials said that it was incorrect to state that Mr. Reagan had decided against continuing negotiations for a comprehensive ban on nuclear testing. (See The New York Times had reported Tuesday that the officials agreed that test-ban negotiations would have to be suspended until the United States had renegotiated verification measures that it believed were sufficient to expose possible Soviet violations.)

The officials, who briefed reporters on the condition they were not identified, said the Reagan administration felt great uncertainty over whether or not the Soviet Union had violated the two treaties. The first treaty, called the Threshold Test-Ban Treaty, agreed to in 1974 and 1976 contained verification measures that were not adequate to detect possible Soviet violations.

The officials also said Mr. Reagan's decision did not involve a 1963 agreement, signed by Britain, the United States and the Soviet Union and later by 120 other countries that bars nuclear tests above ground, underwater and in outer space.

The Reagan administration's goal remained a comprehensive test-ban treaty but such an accord should be reached in the context of the old Test-Ban Treaty agreed to in 1974 between the United States and the Soviet Union, limited underground nuclear tests to 150 kilotons, the equivalent of 150,000 tons of TNT.

A subsequent treaty, the Peaceful Nuclear Explosions Treaty, was signed in 1976. This accord banned nuclear explosions greater than 150 kilotons for "peaceful purposes" such as mining. Although the U.S. Senate has not approved either treaty, both nations

on Hiroshima had an explosive force of 20 kilotons.)

The senior officials said Tuesday that the proposed new negotiations would have priority in presidential policy over current efforts to reach agreement on a comprehensive nuclear test ban. The officials said treaties signed in 1974 and 1976 contained verification measures that were not adequate to detect possible Soviet violations.

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(Continued on Page 2, Col 4)

Iran Opens Campaign To Placate Gulf States

By Philip Taubman
New York Times Writer

WASHINGTON — With Iranian and Iraqi forces apparently deadlocked after six days of fighting in southern Iraq, Iran has opened a political offensive in the Middle East apparently intended to allay fears that it poses a threat to other Gulf nations.

Calling Iran's invasion of Iraq a defensive operation, Iranian leaders have declared in official statements and broadcast messages that nearby nations should not feel threatened.

U.S. officials said the statements by Iran's premier, Mir Hossein Musavi, and the speaker of Iran's parliament, Hashemi Rafsanjani, are apparently intended to dispel fears of Saudi Arabia and other nations that Iran might turn on them if it defeats Iraq.

The statements are also viewed by Reagan administration officials as a response to the announcement last Friday that the United States is prepared to conduct joint military exercises with Saudi Arabia and other Gulf nations that feel threatened by the conflict.

In announcing the offer, a senior U.S. State Department official expressed "deep concern" about the air and sea strike capability of Iran against Gulf countries.

Mr. Rafsanjani, in a statement broadcast over Tehran Radio on Sunday, told the Gulf states that Iran "would not claim anything from them" but warned that "they must not be involved in supporting arms to the enemy."

He added that Iran would not attack another country unless it was in defense. He described the invasion of Iraq as a "defensive necessity to protect Iranian communications and oil facilities near the border from Iraqi shelling."

Mr. Musavi made similar remarks as he departed for an official visit to Algeria on Saturday. Since Iraq invaded Iran in 1980, Saudi Arabia, Kuwait and other

nearby nations have given more than \$20 billion in economic aid to Iraq, according to U.S. State Department officials.

The aid was prompted by fears that Iranian military victories might topple the Iraqi regime of President Saddam Hussein and lead to the installation of an Islamic fundamentalist government patterned after the one in Iran led by Ayatollah Ruhollah Khomeini. It was feared that that, in turn, could threaten to spread.

In the war itself, fighting was described as intense along a 10-mile (16-kilometer) front northeast of the port of Basra, Iraq's second largest city. It is 14 miles from the border.

Fighting has been concentrated in this area since Iranian forces invaded July 13.

U.S. officials, who said information about the fighting remains sketchy, reported that a large sandstorm blew across the battle zone over the weekend, lowering visibility to nearly zero. They said that both sides appeared to be carrying out supply operations during the storm to prepare for renewed fighting.

Battle Reports

NICOSIA (AP) — Iran and Iraq have both reported that their forces are locked in fierce artillery and tank battles in the contested Basra area.

Tehran Radio said Tuesday that Iranian troops inside Iraq had repulsed two counterattacks, with 200 Iraqis killed or wounded and five tanks destroyed. Iraq's last communiqué, issued Monday night, said its helicopter gunships and artillery had blasted Iranian positions east of Basra, destroying 12 tanks and two armored personnel carriers.

Despite conflicting claims, the Iraqis appear to have succeeded for the moment in halting the Iranian invasion. Iranian troops are digging in three miles inside Iraq, north of Basra.

INSIDE
■ The East German woman sharing the compartment on the jolting train to Dresden said she would vacation in Hungary this summer. She planned to pay her way by selling in Hungary a pair of salamander shoes and a Carl Zeiss camera lens, both made in West Germany. It was a small reflection of the troubled state of Eastern Europe's economies. **Insights**, Page 8.

■ The Singapore government of Prime Minister Lee Kuan Yew has sought to advance its campaign for a national consensus by cracking down on the press. Since January, the government has harshly criticized several editors and persuaded them to stop coverage of the tiny political opposition, which has had one member in Parliament since last October.

■ The Voice of America and its parent body, the International Communication Agency, were strongly urged to remain free from "stridency and propaganda" in an official report made to President Reagan.

Mr. Brezhnev said the Israeli action in Lebanon "could not be described as anything other than



President Reagan meeting Tuesday with Saudi Foreign Minister Saad al-Faisal, left, and Syrian Foreign Minister Abd Halim Khaddam, standing next to Secretary of State George P. Shultz.

Compiled by Our Staff From Dispatches
MOSCOW — President Leonid I. Brezhnev has given his support to proposals for a United Nations to supervise withdrawal of besieged Palestinian guerrillas from West Beirut.

But Mr. Brezhnev, in a Pravda interview, repeated an earlier warning that he would "categorically oppose" U.S. participation in the force.

Mr. Brezhnev sent a note to President Reagan this month warning him against sending Marines to supervise withdrawal of besieged Palestinian guerrillas from West Beirut.

The interview with Mr. Brezhnev was published in advance Tuesday by Tass.

"We are not against the idea of separating forces defending Beirut and Israeli troops at a first step," he said. "To this end one could use UN forces, especially as UN forces are already in Lebanon in accordance with a Security Council resolution."

In a Tel Aviv, Israel Radio said that Prime Minister Menachem Begin would like Secretary of State George P. Shultz of the United

genocide." He pledged continued support for Arab countries and called on them to forget their differences in the face of the Israeli attack.

He repeated a call he first made 18 months ago for an international conference on the Middle East, to include the Palestine Liberation Organization, Arab countries, Israel, the United States and the Soviet Union.

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In a Tel Aviv, Israel Radio said that Prime Minister Menachem Begin would like Secretary of State George P. Shultz of the United

States to come to the Middle East to work out a solution to the crisis.

But a White House spokesman said that there were no plans to send Mr. Shultz to the area. The spokesman, Uri Porat, as denying that the prime minister had expressed such a desire.

Syrian Call

In Damascus, the Syrian information minister, Ahmad Iskander, called on the United States to end what he called its military and political support of the Israeli invasion and initiate a more evenhanded policy in the Middle East.

Israeli jets staged mock assaults on the capital. The Palestinian guerrillas responded with anti-aircraft fire as wave after wave of jets swooped in.

But police said that despite the daylong violations, a cease-fire arranged by the United States nine days ago to give diplomacy a chance to ward off a military showdown between Israel and the PLO had survived.

In West Beirut, squads of PLO security men searched all day for the kidnapped acting president of the American University in Beirut. But 24 hours after the abduction of David Stuart Dodge 2d, 58, an American citizen, the PLO had

there was no word on his whereabouts.

Israel Radio said Tuesday that the Druze of the Golan Heights have ended a five-month strike against Israel that protested the annexation of the area. The Druze later quoted Mr. Begin's spokesman, Uri Porat, as denying that the prime minister had refused to accept Israeli identification cards as part of their peace plan.

Approximately 12,000 Druze live in four villages in the Golan Heights, which Israel took from Syria in the 1967 Middle East war and annexed Dec. 14.

Offices Bombed in Paris

PARIS (AP) — Bombs exploded in two Paris offices linked to Israel early Tuesday, causing damage but no injuries. No group claimed responsibility, but pro-Palestinian tracts were found at the site of one of the explosions.

The first explosion, in an industrial district of northern Paris, was at a building housing the import-export company Ganco, which deals mainly with sales of Israeli electronic equipment. The police said the second explosion was caused by two bombs set against the facade of the Bank Leumi, an Israeli bank, near the Opera.

There was no immediate indication of willingness by the Reagan administration to shift its Palestinian policies in line with the Saudi requests, which Prince Saud said have also been transmitted in recent diplomatic traffic from Riyadh to Washington.

Before Prince Saud disclosed his position to reporters and took it to the meeting with Mr. Shultz, a State Department spokesman had said Monday that the longstanding U.S. position against contacts with the PLO has not changed.

WORLD BRIEFS

Reagan Tells Congress MX Is Needed

WASHINGTON — President Reagan sent a lengthy letter to House of Representatives supporting the MX missile program as debate opened Monday on next year's \$177.1-billion military budget.

In the face of a bipartisan drive to delay or kill outright the controversial MX, Mr. Reagan argued that it is essential to national security and provides "powerful leverage" in negotiating an arms reduction treaty with the Soviet Union.

Although the House is not expected to take any final action until Wednesday or Thursday, members are preparing four separate amendments to cut MX funding. They range from a proposal by Rep. Ronald V. Dellums, Democrat of California, to delete all MX funds, to one by Reps. S. William Green, Republican of New York, and Paul Simon, Democrat of Illinois, to cut \$715 million for interim bases.

Unemployment Worsens in Britain

LONDON — Unemployment in Britain has worsened this month to a record 13.4 percent of the nation's work force.

The Department of Employment announced Tuesday that 3,190,621 Britons were out of work in the middle of this month. That is 129,381 more than a month ago, when 12.8 percent were unemployed.

Opposition politicians described the figures as a disaster and said the government's economic policies had failed. Leaders of businessmen's organizations predicted that unemployment would hit 3.25 million before the end of the year.

Pipeline Sanctions Called a Failure

WASHINGTON — President Reagan's effort to block the Soviet gas pipeline to Western Europe not only will fail, but also will push the Russians into developing technological self-sufficiency in this field, West Germany's economics minister, Otto Lambdorff, said Tuesday.

After the Versailles economic summit last month, Mr. Reagan announced that he would extend the U.S. embargo on technology to build the pipeline to foreign subsidiaries of U.S. companies and to foreign companies operating under U.S. license.

Mr. Lambdorff told reporters, in the midst of a round of talks with administration and congressional policy-makers, that "the only thing I'm sure of is what everybody in Europe is sure of, and that is that the pipeline will be built" with a delay of six months to a year.

Arms Negotiators End Round of Talks

GENEVA — Soviet and U.S. negotiators on Tuesday recessed talks on reducing intermediate-range nuclear forces until Sept. 30. It is the third extended break since negotiations began Nov. 30.

Ful delegations from both sides have met 40 times, alternately at office of the U.S. Arms Control and Disarmament Agency and the Soviet diplomatic mission. They are scheduled to return to Geneva late in September.

Talks on reducing strategic arms were convened in Geneva on June 29 and are expected to continue for much of the summer before resuming for consultations.

EEC Plan on Wine Surplus Is Blocked

BRUSSELS — European Economic Community farm ministers on Tuesday approved a new set of measures aimed at preventing the outbreak of wine wars between France and Italy, but West Germany blocked final implementation of the plan.

Diplomats said nine of the 10 ministers approved a new community system designed to ensure that surplus wine is taken off the market and turned into industrial alcohol.

The diplomats said West Germany withheld approval of the plan because the cost exceeded earlier estimates by about \$30 million. Several ministers indicated they expected Rome to drop its opposition in the next two weeks, but West German officials said there were still strong objections to the additional cost.

Pope Meets Polish Foreign Minister

VATICAN CITY — Pope John Paul II met Tuesday with Polish Foreign Minister Jozef Czyrek to discuss the pontiff's possible visit to his homeland. Vatican sources reported.

Mr. Czyrek, who arrived on a surprise trip Monday, spent an hour at the pope's vacation palace in Castel Gandolfo near Rome.

The pope has expressed a desire to return in August for celebrations marking the 600th anniversary of the arrival of the Black Madonna icon at Czestochowa. It has become a symbol of Polish religion and nationalism.

Ruling Greek Party Ousts Ex-Aide

ATHENS — Greece's ruling Panhellenic Socialist Movement Tuesday announced the expulsion of George Petros, a former deputy defense minister, from the party.

Mr. Petros, 34, who was dropped from his post three weeks ago, told a political rally over the weekend that the Socialists are suffering from internal dissension. He continues to sit in parliament as an independent.

Newspapers close to the government said Mr. Petros, considered a moderate Socialist, is suspected of developing centrist and pro-American leanings.

China Called Key to Cambodian Peace

SINGAPORE — Vietnamese Foreign Minister Nguyen Co Thach said Tuesday that China held the key to a settlement of the conflict in Cambodia.

Mr. Thach also warned Vietnam's non-Communist neighbors in Southeast Asia that it would not tolerate any action that it considered damaging to its security. He said the five-member Association of Southeast Asian Nations should not demand a Vietnamese troop withdrawal from Cambodia without showing any concern for what he described as the Chinese threat.

"If China signed a treaty of nonaggression and noninterference in the internal affairs of the Indochinese countries, we will withdraw our troops from Kampuchea [Cambodia] the very next day," Mr. Thach said.

Compiled From Agency Dispatches

Palestinians Start New Campaign To Win Political Sympathy in U.S.

By Joseph Fitchett
International Herald Tribune

PARIS — Leading Palestinians, in a tacit acknowledgment that the Beirut fighting will drastically reduce their movement's military action, have started a major campaign to win political sympathy in the United States for the Palestinians.

Palestinian supporters of this campaign, which is designed to wrest diplomatic compensation for apparently inevitable Palestinian concessions in Lebanon, include both moderate PLO spokesmen and other prominent, non-PLO Palestinian nationalists who reportedly are putting together a \$100-million fund to promote a better understanding of their cause in the United States.

Report Places Damage In Tyre at \$75 Million

By David K. Shipler
New York Times Service

JERUSALEM — The first survey of war damage in southern Lebanon shows that in the town of Tyre alone, which was a major Palestinian headquarters, the Israeli invasion resulted in losses of about \$75 million in housing, industry, schools, hospitals, agriculture and public utilities.

The report, by the Lebanese engineering concern of Jalal Bitar, was made available by Israeli relief workers in Jerusalem. It is said to be based on a house-to-house survey but does not include the destruction of furniture, medical equipment or automobiles which one relief official estimated could run \$10 million more.

The report lists 310 dwellings destroyed and 1,550 damaged, 250 of them seriously. Three hospitals and 14 schools are listed by name as damaged, with estimates for each ranging from \$15,000 to \$400,000.

One official of a private humanitarian agency said an Israeli and a Lebanese official who reviewed the report thought that it probably inflated slightly, but out grossly, the number of damaged houses and the costs of repair. The survey was made by the company on its own

6 Agencies Deny They Paid for Ad Criticizing Israel

Washington Post Service

WASHINGTON — A full-page advertisement that used the names of six humanitarian agencies to denounce the Israeli invasion of Lebanon was placed in The Washington Post and other major newspapers last week without the knowledge of the groups involved, according to spokesmen for the organizations.

The ad was placed "outside the jurisdiction" of the Bernard Hodes agency in Los Angeles, whose employee forwarded payment for the ad, Mr. Hodes said.

In a letter to the editor, the organizations said they were dismayed at being listed and "respectfully decline any association" with the ad, signed by "Concerned Americans for Peace" listed at a Los Angeles post office box number. The ad also was published in The New York Times, the Atlanta Journal-Constitution and the Chicago Tribune.

The letter was signed by executives of CARE, the U.S. Committee for UNICEF, the Church World Service of the National Council of Churches, the American Red Cross, the American Friends Service Committee and the Save the Children federation.

Moderate PLO officials, apparently with the support of Yasser Arafat, the PLO leader, are active in Western Europe publicly and privately arguing that the Reagan administration should start a dialogue with the PLO.

Issam Sartawi, an Arafat adviser, expressed disappointment Tuesday with what he said was the Reagan administration's apparent lack of interest in PLO signals of its interest in mutual recognition between the PLO and Israel.

This question of recognition, along with Palestinian rejection of United Nations Security Council resolutions on a peaceful settlement in the Middle East, have been the official barriers to U.S. readiness to negotiate with the PLO. Mr. Sartawi, at a Paris press

conference, said the PLO had in effect complied with both preconditions.

Mr. Sartawi, who has been involved in secret contacts with Israelis since 1975, shared the Paris platform and issued a statement with Matti Peled, a retired Israeli general who is a peace activist.

"The PLO has made it crystal clear that it is ready to recognize Israel on the basis of mutual recognition and legitimate self-defense," the statement said. It echoed a similar speech in Paris by Mr. Sartawi.

Mr. Sartawi has never been as explicit in public about what he calls "our last card," meaning recognition of Israel, but Mr. Sartawi's comments in Paris have not been criticized by PLO leaders, even by

extremists.

Mr. Sartawi's remarks amounted to a public confirmation of what he and other PLO officials have been saying to European diplomats: that only political recognition of the PLO — especially in France and Britain and, above all, in the United States — can prevent the PLO's military defeat in Lebanon from producing a political vacuum and a new wave of extremism in the Arab world.

In another sign of this new political emphasis in Palestinian thinking, a group of prominent Palestinian businessmen and intellectuals met without publicity in London 10 days ago to plan a vastly improved campaign of information and lobbying in the United States on behalf of the Palestinian cause.

Fund-Raising Conference

The meeting, disclosed in Al-Magallia, a London-based magazine owned by Saudi Arabians, and confirmed by several participants, brought together 25 Palestinians representing the middle-class Palestinian establishment.

Several participants said the discussions led to a plan to convene a fund-raising conference in Europe to create a fund, targeted at \$100 million, for the U.S. campaign.

In London, several U.S.-based Palestinian intellectuals, including Walid Khalidi, a professor at Harvard University, and Edward W. Said, a professor at Columbia University, outlined the need to focus Palestinian information efforts in "an essentially hostile environment comprised by the U.S. media," Mr. Said said in a telephone interview.

Mr. Said and other participants, who declined to acknowledge speaking to a reporter about the meeting, said the London session did not formally discuss politics or PLO strategy, but Mr. Said acknowledged that developments in Lebanon "lent urgency" to the consultations. No PLO officials were included in the meeting, the first of its kind since 1970, when the Palestinian guerrilla movement was driven out of Jordan.

At the London meeting, Palestinian participants reportedly concluded that it was essential for the PLO to retain some political base in Lebanon because it is the only Arab country where the movement can preserve a semblance of military, political and social unity. Without it, the PLO risks being taken over again by Arab governments.

There has been no indication of any help from other Arab countries.

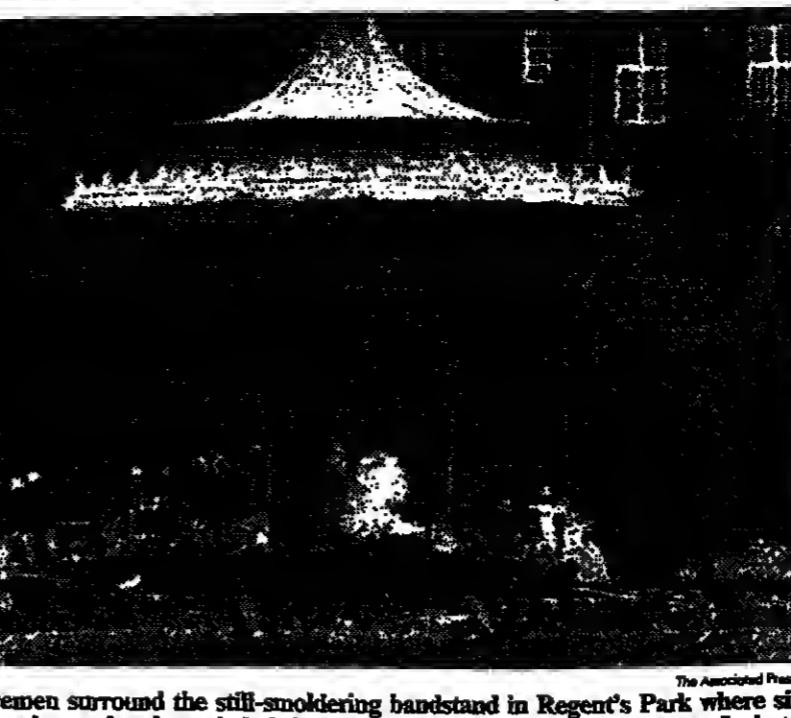
Focus on the U.S.

To solve the housing problem — estimates of the homeless, mostly Palestinians, run from 20,000 to 60,000 — Mr. Harman said there was a possibility that the Joint Distribution Committee and Catholic Relief Services would help funnel money for repairs, providing the U.S. Agency for International Development obtained adequate funds. The Reagan administration plans \$65 million in aid, of which \$15 million already has been appropriated and another \$50 million has been authorized by Congress.

At the same time, the meeting concluded that the United States government and the public were the key targets of Palestinian political action. Implicit in this conclusion, several Arab sources said, is that the PLO's military action is bound to be further reduced.

Intensely anxious not to appear to be maneuvering behind Mr. Arafat's back, Palestinians such as Mr. Said who attended the London meeting remain publicly committed to Mr. Arafat and the PLO as the Palestinians' only representative.

Every administration since that



London police and firemen surround the still-smoking bandstand in Regent's Park where six soldiers died Tuesday when a bomb exploded during a concert by the Royal Green Jackets. The Associated Press

Thatcher Evades Spy Questioning; U.S. Concerned About Its Interests

Compiled by Our Staff From Dispatches

LONDON — British Prime Minister Margaret Thatcher dodged questions about persistent reports of a major spy case at one of the nation's most secret bases, saying the matter is before the courts and until completion of the trial she can say nothing.

In Washington, U.S. officials involved, and we have an important right to know," he added.

Mr. Thatcher, whose Conservative government is already embroiled in the investigation of Queen Elizabeth II, made a brief statement to Parliament in response to a clamor from the opposition to monitor and decipher foreign signals.

It is closely connected with its supersecret American counterpart, the National Security Agency.

The accused man was alleged to have committed a series of unspecified acts of espionage over the past 14 years.

Geoffrey A. Prince was arraigned last Thursday on an espionage charge described by the British prosecutor as "of the gravest possible nature."

The British prime minister, who is responsible for intelligence matters, deflected all questions, acknowledging that the charge is serious and said any security issues arising from the case would be referred to the Security Commission, the government's intelligence watchdog.

She would not say whether anyone else is likely to be charged. "Absolute certainty is never possible in these matters," she answered.

"We simply don't know what's going on," one high-level U.S. intelligence officer said. "The British are being tight-lipped about it all, perhaps not to jeopardize prosecution."

At the National Security Council meeting, Mr. Reagan also reportedly discussed whether to continue to observe the limitations on underground testing contained in the two previously negotiated treaties.

Officials said representatives of the departments of Energy and Defense had urged Mr. Reagan to press the Soviet Union for negotiations to strengthen verification measures provided for in these two treaties, but there were varying accounts of what course the president chose.

He said Mr. Reagan's decision to seek new negotiations was "because of the uncertainty — the United States cannot prove beyond a reasonable doubt that the Soviets have violated the treaty." He did not say Washington had evidence of Soviet cheating.

The New York Times reported that according to officials, a decision not to try to make the ban a total one was made Monday at a National Security Council meeting because of doubts by some members of the administration about the ability to verify a comprehensive ban and because of the need to keep testing new nuclear weapons.

After The Times report appeared, the White House said it was "off target." Arms control advocates have long maintained that a comprehensive test ban is central to preventing the spread of nuclear weapons. They argue that unless the superpowers are prepared to ban their nuclear testing programs, there will be little incentive for other countries to give up atomic development programs.

Every administration since that

Reagan Reportedly Decides To Seek Test-Ban Changes

(Continued from Page 1)

the president's efforts to "improve verification capabilities that would justify confidence in Soviet compliance," one official said.

The United States and the Soviet Union currently keep watch on each other's underground testing with satellite reconnaissance and seismic detection equipment, but there is no on-site inspection.

"The Soviets simply have refused to accept measures to ensure effective verification," the official said. "This administration is determined to make progress on this front."

He said Mr. Reagan's decision to seek new negotiations was "because of the uncertainty — the United States cannot prove beyond a reasonable doubt that the Soviets have violated the treaty." He did not say Washington had evidence of Soviet cheating.

U.S. officials said that as far as they know, Mr. Prince was employed by the British communications agency until 1975. Since charges against him cite conduct from Jan. 1, 1968, to Dec. 31, 1981, U.S. officials concluded that other British intelligence workers are probably involved.

It was not clear whether the United States would continue to participate in the UN Committee on Disarmament, a 40-nation group also negotiating on a test ban. The tripartite talks are separate, but related to the UN effort.

The tripartite negotiations on a complete ban have been under way since 1977.

Carter administration officials said considerable progress was made toward an agreement to ban all testing of nuclear weapons during the 12 negotiating sessions in Geneva. In November, 1980, the negotiations recessed, with the United States and the Soviet Union still divided over provisions concerning how compliance would be verified.

They said that the suspect, Ulrich Kormann, was arrested in Hamburg Sunday carrying a false passport and a large sum of money. A spokesman for the Federal prosecutor's office in Kaiserslautern said that Mr. Kormann was suspected of being in West Germany to gather information for East German intelligence.

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Report Urges Reagan To Keep VOA Unbiased, Devoid of Propaganda

By Bernard Weinraub
New York Times Service

WASHINGTON — An official report to President Reagan has strongly urged that the Voice of America and its parent body, the International Communication Agency, remain free from "stereotyping and propaganda" and recommended that the VOA "take particular care" to broadcast news with objectivity.

In a report, laced with gentle criticisms of some of the recent programs and decisions of the communication agency, the U.S. Advisory Commission on Public Diplomacy said that the VOA's credibility is its most precious asset.

The commission, an independent bipartisan group of seven, said that the agency takes "particular care to ensure that public perceptions of the Voice of America do not erode the high standing it now enjoys."

The report was issued as Mr. Reagan, speaking at a Rose Garden ceremony at which he signed a Captive Nations Week proclamation, said that numerous countries had fallen prey to Soviet ideology and that the overseas radio stations beaming broadcasts to the Soviet Union and Eastern Europe would be modernized.

Senate Delays Vote On U.S. Sea Envoy

Los Angeles Times Service

WASHINGTON — Sen. Charles H. Percy, Republican of Illinois, the Senate Foreign Relations Committee chairman, has told the Reagan administration that the nomination of James L. Malone as ambassador-at-large for the Law of the Sea Conference is in trouble and should be withdrawn, sources said Monday.

The committee postponed its vote on the nomination, which was scheduled for Tuesday, at the Reagan administration's request.

According to a committee spokesman, Alan Safran, Mr. Malone is assistant secretary of state for oceanic affairs and has been serving as chief U.S. negotiator for the Law of the Sea talks.

The sources said that Sen. Percy told the administration that he would not vote for Mr. Malone, who has been criticized in an internal State Department draft report for "uncertain leadership" and by committee members in May for lobbying behalf of a former client, the Illinois Republican also said that Mr. Malone's nomination would not be approved by the committee.

Junta Replaces President Of Bolivia With Army Chief

Compiled by Our Staff From Dispatches

LA PAZ — A Bolivian military junta has taken power peacefully from President Celso Torrelio Villa and has announced that the army chief of staff, Gen. Guido Viloso Calderon, would become head of state on Wednesday.

In the last year, the Voice of America has been riven with turmoil, and several key officials have resigned amid indications that the agency was pressing for a tougher U.S. response to Soviet propaganda.

There were accusations by Voice journalists that the ICA's leadership under Charles Z. Wick, a California businessman and close friend of Mr. Reagan, had sought to make the Voice tougher on Soviet bloc nations and less inclined to report bad news about the United States — a criticism denied by Voice officials.

The commission, whose chairman, Leonard L. Silverstein, is a Washington lawyer and president of the National Symphony Orchestra Association, voiced criticism of the funding methods of the ICA program, "Let Poland Be Poland," which was broadcast around the world. Private groups and individuals paid for 90 percent of the \$500,000 cost of production and satellite transmission.

Although the report said that the program was unprecedented and proved "an exceptional expression of allied cooperation," the commission said it "opposes private funding of major programs, particularly those articulating foreign policy." It added, "The possibility that such products could be improperly influenced motivates our concern."

Another program shaped by Mr. Wick, called "project truth," which is designed to provide fast-reply service to foreign diplomatic posts to counter information about the United States that it considers untrue, was also subject to criticism.

"The name itself and the announced aim of refuting Soviet disinformation caught the attention of the press and created apprehension and misunderstanding," the report said. "Fears were expressed by some media observers that project truth marked a return to the stridency and propaganda tactics of the Cold War."

Although the commission said that it was unfair to say that the ICA was being turned into a propaganda agency, as critics charged, it was crucial for the agency's officials to be sensitive to such charges. The ICA "must not only be dedicated to the truth," said the commission, "but must also exercise great care to do nothing that might conceivably allow any other impression." Officials at the ICA said there would be no comment on the report.

ment the following Aug. 6. Gen. Morales also promised renewed efforts to solve Bolivia's chronic economic problems by bringing its rampant inflation under control, reducing public spending and the budget deficit, revising monetary policy and the tax system, imposing import controls on non-essential goods and renegotiating the country's external debt.

The reduction of state spending and the budget deficit are two key measures demanded by the International Monetary Fund as conditions for a loan to help Bolivia improve its external debt position.

According to business and diplomatic sources in La Paz, international banks and financial institutions are refusing to extend Bolivia further credit until it signs an agreement with the IMF.

In his broadcast speech, Gen. Torrelio said that Bolivia had been on the verge of rebellion, chaos and anarchy when he was named president by the armed forces last year.

He blamed Bolivia's economic crisis mainly on three factors: the world recession, which has reduced the country's export earnings from raw materials; high international interest rates, which have increased service payments on its debt; and curtailment of aid by Western countries following a military coup in 1980 which prevented a newly



Gen. Guido Viloso Calderon

elected civilian government in charge of the nearby Chivilcoy firehouse, where 60 soldiers are entrenched as an advance force in an area where less than a year ago guerrillas reportedly roamed freely.

Gen. Viloso was army commander and part of a military junta which in August ousted Gen. Luis Garcia Meza, whose tenure was associated with human rights abuses and cocaine trafficking.

The announcement that Gen. Torrelio was stepping down marked the 16th change of government in the nation in 16 years, and the ninth in the last four years. No elected presidential candidate has taken office since 1964.

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In Guatemala, Sermons Aid Army

Ministers Help Promote Campaign Against Communists

By John Dinges
Washington Post Service

CUNEN, Guatemala — The Sunday morning rally of about 500 residents of this village began as soon as the engines of the two Guatemalan Army helicopters were turned off.

Francisco Baché, a preacher in the fundamentalist Assembly of God Church, combined a message of God and country in a rousing sermon that ended with villagers ecstastically speaking in tongues.

"He who resists authority is resisting that which has been established by God," Mr. Baché said. "He who lacks God in his heart is the one who is unable to love the authorities."

Saints held by villagers said, "The civil patrols need good weapons for their defense."

Mr. Baché was followed to the microphone by the army lieutenant in charge of the nearby Chivilcoy firehouse, where 60 soldiers are entrenched as an advance force in an area where less than a year ago guerrillas reportedly roamed freely.

Patrols by Civilians

An army captain proclaimed the union of the army, religion and the "authorities of the state."

The rally, which was visited

unannounced by three foreign reporters, was organized by the army to push the government's latest strategy to win its long war against leftist insurgents. Last month, the government announced that the army would create hundreds of local civil defense patrols to guard villages.

The program, called "guns and beans," also included putting Indians to work on highway projects in exchange for food parcels and a small wage, army officials said.

The program is a key element in plans by Guatemala's new president, José Efraín Rios Montt, to stamp out the insurgency that in recent years has gained momentum and virtually eliminated the once-booming tourist trade in Quiche province. In an interview, Mr. Rios Montt said he expected to defeat the guerrillas by December.

The plan appears to include the kind of aggressive counterinsurgency tactics and social action programs recommended by the United States for other countries, such as El Salvador, in fighting leftist guerrillas.

Mr. Herrera Campins, whose

predecessor as president gave the Sandinistas political backing and arms during the insurrection, repeatedly referred to the pledges made then by revolutionary leaders that a pluralistic democracy with free elections would be established.

On the first anniversary of their triumph, the Sandinistas dismissed

the idea of conventional elections

and announced a schedule to prepare for a nationwide vote by

1985.

Two Catholic religious workers

suggested that the promotion of the civil defense program through Protestant preachers could cause religious competition and tear apart the fabric of traditional strong community life in the mainly Indian villages in the northwestern region of Guatemala.

Guatemala is predominantly Roman Catholic, but Protestant fundamentalist groups, many with home bases in the United States, have attracted a growing number of adherents.

While the Roman Catholic missionaries often have focused on raising the social consciousness of the poor and establishing farm cooperatives, the fundamentalists' message has tended to support authoritarian governments and to be more strongly anti-Communist.

Brief Occupation

Critics of the civil defense plan who live in the northern villages of Quiche and Huehuetenango provinces said recruitment to the civil defense units was often by coercion, and they said that the army was continuing to kill civilians in sweeps through villages identified as hostile.

The army arrived in force in this area about eight months ago, when a large base was set up outside the provincial capital of Santa Cruz del Quiche. Just a year ago, according to residents of this town, the so-called Guerrilla Army of the Poor briefly occupied Cunen for the first time and returned several times after that.

"They don't trust these people at all," said a foreigner living in Huehuetenango. "They don't trust a real Indian village with weapons."

U.S. Says Computer Sale to Argentina Is Not a Reversal of Its Nuclear Policy

United Press International

WASHINGTON — Government approval for exporting a computerized control system to Argentina is not a reversal of Carter administration nuclear policy, nor is the technology involved sensitive, the State Department contends.

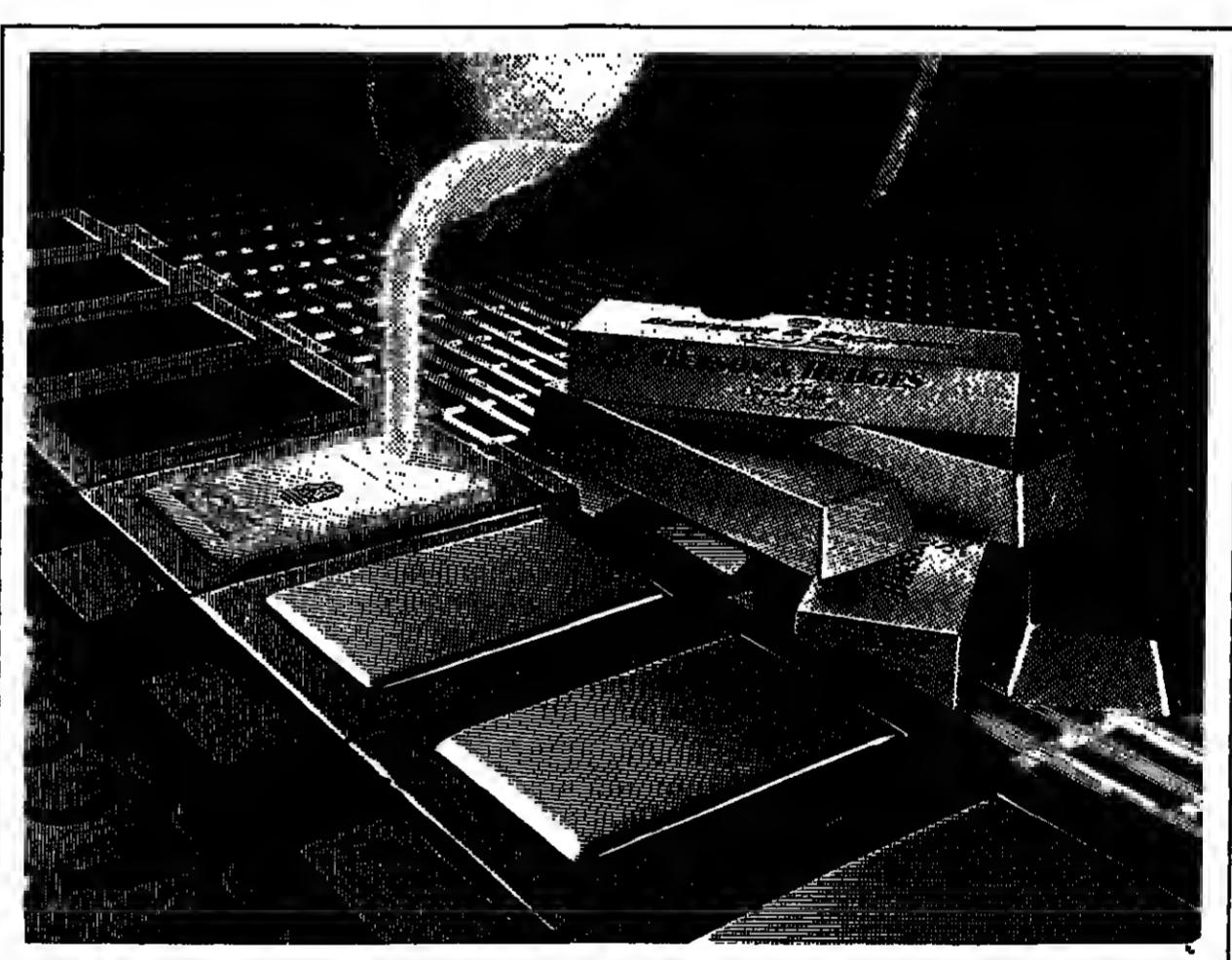
According to The Washington Post, Energy Secretary James B. Edwards secretly approved the sale last year. The Post said the system serves as the computer brain of a large heavy-water nuclear reactor and is critical in the development of nuclear weapons.

However, a State Department spokesman, Dean Fisher, said Monday that the export had been

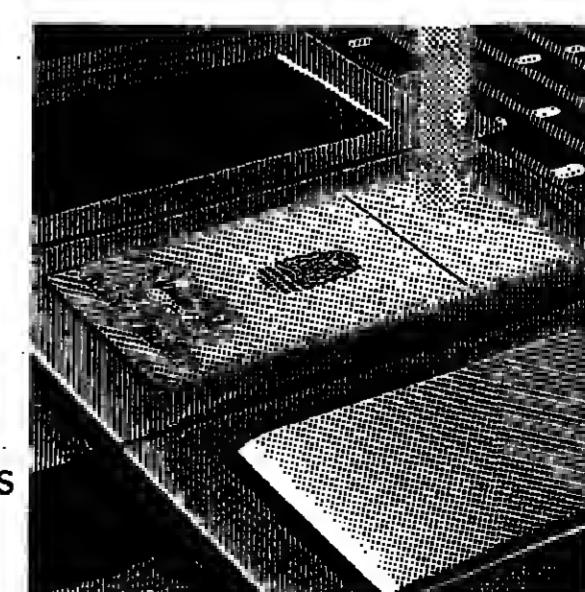
Belgian Unemployment Up

The Associated Press

BRUSSELS — Unemployment in Belgium rose by 14,900 to 457,587 in the first half of July, raising the jobless rate to a record 11 percent, the government said Tuesday.



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This Friday the Trib Sends You Packing For the Weekend

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14% of U.S. Population Is Classified as Poor; Highest Rate Since '67

By John Herbers
New York Times Service

WASHINGTON — The number of Americans officially classified as poor increased by about 2.2 million, or 7.4 percent, in 1981, giving the nation's highest rate of poverty since 1967.

The Census Bureau said Monday that 14 percent of the population, or one person in every seven, had incomes below the poverty threshold set by the federal government. It said that 11.1 percent of whites, 34.4 percent of blacks and 26.2 percent of Hispanics were poor.

Most of those entering poverty last year were children, so that almost one child in every five was classified as poor. The threshold of poverty was \$9,287 for a family of four, up from \$8,448 the year before because of inflation.

The information was based on a national sample of 62,000 households in March.

The findings for 1981 were of particular interest because that was the first year of the Reagan administration, which came into office promising to revitalize the economy.

U.S. Jury Indicts CIA Ex-Agent in Munitions Deal

New York Times Service

HOUSTON — A federal grand jury Monday indicted a former Central Intelligence Agency agent, Edwin P. Wilson, and two others on charges growing out of the shipment of 20 tons of restricted, strategically sensitive plastic explosives to Libya in October, 1977.

According to the federal indictment, the 40,000 pounds of plastic explosive, called C-4, is the largest quantity of explosive of any kind known to have been involved in an illegal shipment. The material is designated as a "defense article," or strategically important munition, the indictment says.

The explosive was disguised and flown out of Houston under a falsified flight plan listing its final destination as Lisbon when it was actually bound for Libya, prosecutors say.

Mr. Wilson, who was arrested in June and is now being held at an undisclosed site in the New York area, was previously indicted in New York on charges that he and another former CIA agent, Frank E. Terpil, shipped illegal explosives and other weaponry to Libya and trained Libyan terrorists. Mr. Terpil remains at large.

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Conservationists demonstrate in Brighton, England, where whaling talks are being held.

Anti-Whaling Nations Win Opening Battle at Talks

United Press International

BRIGHTON, ENGLAND — The United States and other nations have won a preliminary battle in their 10-year campaign to ban the commercial killing of whales.

But Japan, the chief whaling nation, said it would continue to fight the ban and instead seek improved measures to conserve whale stocks while allowing commercial whaling to continue.

Backed by the Soviet Union, it has warned that if a ban is imposed it would break up the Interna-

tional Whaling Commission — meaning a return to unregulated hunting.

The latest battle to save whales from possible extinction broke out Monday as the commission opened its annual weeklong conference.

In a significant preliminary victory, the United States and its anti-whaling allies won a majority vote of more than three-fourths in the commission's technical committee to recommend imposition of the ban.

But the issue still has to be debated and voted on in the full commission later this week — possibly Wednesday or Thursday.

Agency Says Global Eradication of Smallpox Is Holding

United Press International

GENEVA — The global eradication of smallpox declared two years ago is holding, and even rumors of new cases are declining, the World Health Organization said Monday.

The agency said there were 63 rumored smallpox cases in 1979, 31 in 1980 and 30 in 1981, most of them misdiagnosed cases of chicken pox, measles and other skin disorders. None was smallpox.

WHO said that 150 of its 158 member nations and association members have complied with a call to cease routine vaccination, which has become unnecessary and can

present unjustified danger. Moreover, unnecessary vaccination may be regarded as constituting medical malpractice," it said.

Egypt and Kuwait still conduct routine smallpox vaccination while six other WHO member states have failed to supply information.

The agency also urged governments to discontinue vaccination of military personnel, as Britain and Finland have recently done.

Accused Nazi Criminal Starts Fast in U.S. Jail

The Associated Press

CLEVELAND — John Demjanjuk, 62, an autoworker accused of Nazi war crimes, has begun a hunger strike after being jailed for failing to appear at a deportation hearing, his lawyer reported Monday.

Mr. Demjanjuk lost his citizenship last year after a trial in which the Justice Department said he had been a Nazi death camp guard in Treblinka, Poland.

Everglades Deer Hunt Is Halted; Toll Is 730

Washington Post Service

MIAMI — The controversial hunt to kill Everglades deer was halted Monday when game management officials agreed to stop the shooting and animal rights workers dropped rescue efforts.

Both sides claimed victory after the announcement that the "energy kill" would end after two days. In all, hunters killed 730 deer and rescuers saved 20. The Florida Game and Fresh Water Fish Commission called the out-of-season hunt to thin out what it claims is a herd of 6,000 deer that are starving because of unusually high water in the Everglades marshes.

WHO said that despite the recent unjustify

decreases in the volume dispensed in

Service Stations in U.S. Adapting To End of the Gas-Guzzling Era

By Molly Sinclair
Washington Post Service

WASHINGTON — The Gulf Oil Corp. station at 1100 Rhode Island Ave. NW sells three grades of gasoline, a variety of oil products and now, with the installation of a special coin-operated machine, it also sells air.

In addition, the station has converted one service bay into a laundromat with eight washers and five dryers. A second bay has been made into a convenience store stocked with eggs, bread, sandwiches, chips and soda.

"This is a good business if you have everything down to a science," said Koo Yuen, the man behind this station — and 15 others in the Washington metropolitan area.

At 28, Mr. Yuen has emerged as one of the biggest and most enterprising forces in the Washington gasoline retail market. Nine years ago he had one Exxon dealership. Today his company has 16 service centers pumping more than 1.5 million gallons (5.6 million liters) of gasoline each month.

Mr. Yuen, who was born in Hong Kong but grew up in Washington's Chinatown, has expanded his empire by transforming traditional stations with low-volume, unprofitable sales into multifunction, money-making centers. He has done that, he says, by making better use of station space, improving equipment and pricing his products low enough to attract customers but high enough to turn a profit.

Effort to Cut Costs

Mr. Yuen's innovations reflect the efforts under way throughout the gasoline industry to adapt to new price and supply problems. Plagued by shortages one year and surprises the next, changes in traditional consumer buying patterns and uncertain world political conditions, gasoline retailers are finding it increasingly important to cut operating costs to a minimum and maintain a competitive edge.

"Dealers have been literally wiped out because they didn't realize what was going on quickly enough — one day a glut and one day a shortage and the competition was killing them and they didn't know it until it was too late," said Victor Rashed, executive director of the Service Station Dealers of America.

The old-fashioned service station that dispensed free maps, and where the attendant washed a car's windows and checked its oil, water and air has been on the decline for nearly 10 years, ever since the first gasoline shortage of the early 1970s. At the same time, self-service pumps have blossomed and now account for more than 60 percent of the volume dispensed in



Koo Yuen and his multiservice gas station in Washington.

the United States, compared to less than 20 percent in 1974.

In addition, about one-third of the nation's service stations have vanished as operators shut down unprofitable businesses. In 1972, there were 278,528 retail outlets supplied by major refiners; in 1980, there were 188,530.

The cause of the decline is apparent in the statistics on gasoline demand. Through most of the 1970s, gasoline sales rose dramatically, finally hitting a peak in 1978 when consumers used 7.4 million barrels a day, according to the American Petroleum Institute. Since 1978, however, use has been dropping. Consumers used only 7.1 million barrels of gasoline a day in 1979; 6.6 million in 1980 and 1981, and 6.4 million so far in 1982.

"This is the new environment we [oil companies] are going to have to live in," said Jim Fair of Standard Oil Co. (Indiana), also known as Amoco. "People are driving more miles every year, but they are driving smaller, more efficient cars."

To survive, companies are having to scramble to keep their existing customers and when possible attract new ones from other companies.

Major companies such as Amoco, Shell Oil Co. and Exxon Corp. are renovating their stations, making them more efficient and installing new computerized equipment.

"We needed a stronger identity — a way to make our stations stand out," said Mr. Fair. "We removed a lot of the clutter that traditionally is around service stations to make them look more inviting to motorists."

Before launching its image program, Amoco interviewed thou-

sands of dealers and motorists to determine what they wanted service stations to be. "We found they wanted a variety of things — clean, cheerful, sharp-looking stations and to be able to drive in, get gas and get out in two minutes but also to have full service [as an option]," Mr. Fair said.

New and remodeled gasoline stations today typically have one or two attendants who can operate pumps electronically from the inside of a secure, well-lit booth. The attendants frequently sell cigarettes, candy and other convenience store items. And, after accepting the payment in advance, they tell the station's computer to allow the dispensing of the gasoline paid for by the motorist.

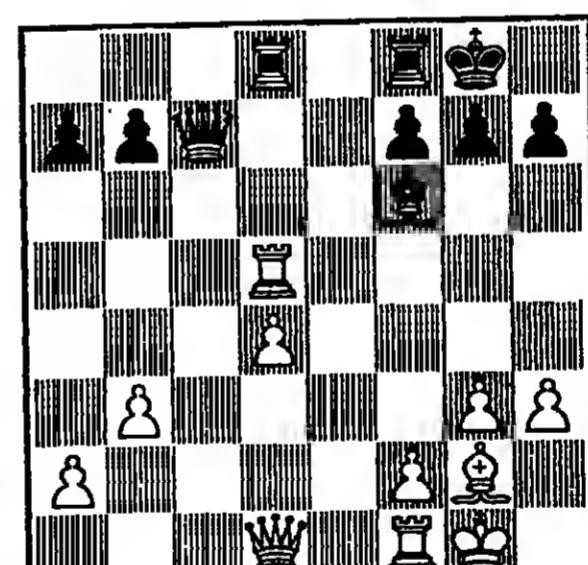
Sometimes these stations have service bays for car repair and maintenance needs. Sometimes they sell only gasoline. But both kinds have been designed for maximum security and minimum labor, with more functional service bays and computerized pumps that are more accurate and faster than the old pumps.

Mr. Yuen has pioneered ways to make stations profitable, including the multiservice concept, aggressive pricing and emphasizing foreign car service in neighborhoo

ds where foreign cars are widely owned.

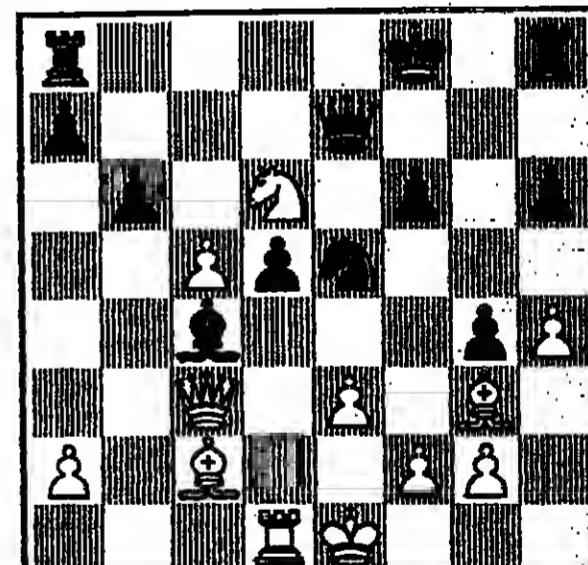
Not all of Mr. Yuen's ideas work, however. He tried a video game room in one service bay area at the Rhode Island station, but it has not drawn the anticipated profits so the games are being removed. But Mr. Yuen is not discouraged. He plans to simply expand the laundromat operation in the adjacent service bay.

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China Remark Upsets Macao, Hong Kong

2 Colonies Are Asked To Discuss Constitution

United Press International

HONG KONG — Reports that China had hinted that its new constitution was relevant to the future of Hong Kong and Macao have left the two colonies confused and anxious.

Some commentators gave credence to the Western news reports, but others contended that the writers of these accounts had misinterpreted comments made by the Chinese vice-chairman, Peng Zhen, and carried by the Chinese news agency Friday.

Hong Kong's stock market closed mixed Monday, reportedly because investors were confused over the differing interpretations of the statement. In Macao property sales reportedly suffered because of a sudden lack of buyers.

The governments in Hong Kong and Macao made no comment.

Contradictory Articles

In the Chinese news agency dispatch, Mr. Peng called on China's "compatriots" in Taiwan, Hong Kong and Macao to discuss a draft of the revised Chinese constitution. The various Western news reports interpreted Mr. Peng's comment as implying that the document was relevant to the future administration of Hong Kong and Macao in addition to Taiwan.

The two major English-language newspapers in Hong Kong carried conflicting accounts. The headline on the South China Morning Post's article said, "China experts debunk compatriots report." The Hong Kong Standard's headline read, "China plan to administer Hong Kong."

A Chinese-language newspaper in Hong Kong, Ming Pao, ran an editorial Sunday saying, "Peng Zhen's statement gives no indication at all, explicit or implicit, on the future of Hong Kong and Macao."

A conservative Hong Kong commentator, Chang Kuo-sin, agreed. "It has nothing to do with Hong Kong.... What Peng had in mind was to solicit opinion from people overseas on the constitution, especially articles concerning them."

On Tuesday, however, Ming Pao said in another editorial that "in his heart perhaps he was also thinking of Hong Kong and Macao." It went on to speculate that Mr. Peng's comments "are really the Communist Party Central Committee's policy in principle" on the Hong Kong-Macao question.

Decline of White European Stock Accelerates, U.S. Ethnic Study Says

New York Times Service

LOS ANGELES — The proportion of Americans who are white and of European ancestry, the nation's basic ethnic stock since colonial days, will decline at an accelerating rate in the next two decades, according to an analysis of population trends by a California research organization.

Based on computer projections of immigration patterns and fertility rates, the study concluded that Americans who are white and non-Hispanic will make up 77 percent of the population in 1990 and 75 percent by 2000, compared with approximately 80 percent in 1980.

The analysis, done by the Center for Continuing Study of the California Economy, predicts explosive population growth for people of Asian and Hispanic ancestry. The number of Asians will rise at least 90.7 percent to 10.6 million in the next two decades, while the number of Hispanics will increase at least 58 percent to 23 million, according to the study.

Pattern '80 Census

If the forecast is accurate, the trend would continue a pattern observed in the 1980 census. In the 1970s, the proportion of non-Hispanic whites in the population declined to about 80 percent from 85 percent.

"More than half of the U.S. population growth in the next two decades will come from minority groups," said Stephen Levy, a co-author of the report.

People of Hispanic origin are expected to account for about 25 percent of the population growth, largely because of higher birth rate among Hispanic families, the relative youth of Hispanic women, and continuing emigration from Mexico and other Latin countries.

Robert Arnold, director of the research group in Palo Alto, which specializes in studies of the California economy, said the projections were derived from a computer model of demographic trends based on current fertility and death rates, immigration patterns, and projections.

These projections include an assumption that the birth rate for Hispanic women, now 30 percent to 50 percent higher than the national average, will decline as the women adopt values more common to the national norm.

Roman Jakobson Dies at 85; Was Slavic Language Scholar

Compiled by Our Staff From Dispatches

BOSTON — Roman Jakobson, 85, an internationally known linguist and authority on Slavic languages and literature, died Sunday. Mr. Jakobson, a native of Moscow, was a professor emeritus at both Harvard University and the Massachusetts Institute of Technology.

He was best known as the father of modern phonology, the study of the abstract properties of the sounds of speech. MIT said in a statement. He believed that many linguistic phenomena that appeared independent of others actually resulted from general laws.

David Frankfurter

TEL AVIV (AP) — David Frankfurter, 72, who in 1936 assassinated Wilhelm Gustloff, the German leader of the Nazi Party in Switzerland, died Monday. A Swiss court sentenced Mr. Frankfurter, then a 26-year-old medical student, to 18 years in prison and refused German demands for his extradition. Released nine years later following the Nazi defeat in World War II, Mr. Frankfurter emigrated to Palestine.

Katherine Handy Lewis

NEW YORK (UPI) — Katherine Handy Lewis, 80, a singer who was the daughter of William C. Handy, "the Father of the blues," died Thursday.

School Floor Falls; 10 Die

The Associated Press

NEW DELHI — Ten kindergarten children were killed and 32 were injured in a village near the southern tip of India Monday when an upper floor being added to their school collapsed and hurled them in debris, the United News of India reported.

From July 5th through August 27th, Monday through Friday, the International Herald Tribune will present the news in English at 10 a.m. on radio station RMC.



Ecoutez la radio qui vous écoute

Singapore Cracking Down on the Press Again

Lee's Government Seeks to Advance Campaign for National Consensus

New York Times Service

SINGAPORE — For the second time in 11 years, the government of Prime Minister Lee Kuan Yew has sought to advance its campaign for a national consensus on cracking down on the press.

Since January, the government

has criticized several editors and persuaded them to stop coverage of the small political opposition,

which has had one member in Parliament since October.

The government has also begun articulating some long-cherished concepts about the role of the press to this city-state. Suppiah Dhanabalan, minister for foreign affairs and culture, said in an interview published May 18 in The Straits Times:

"A service press does not serve the purpose that the press should serve society. But it doesn't mean, therefore, that the press should feel that it has to adopt an anti-establishment attitude, that only then is it credible, which is the problem with many in the Western liberal press."

Executives Detained

The government crackdown has been less severe than in 1971, when Mr. Lee was widely criticized in the West for closing down three

newspapers and arresting several journalists.

The government also has arranged a merger of two rival Chinese-language dailies, placed the New Nation under this new managerial umbrella and appointed senior government officials to the management of the new company.

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INTERNATIONAL Herald Tribune

Published With The New York Times and The Washington Post

The World's Saddest War

From THE NEW YORK TIMES

Pity the people of Ethiopia and Somalia, trapped in a war as sterile and brutal as the Ogaden desert over which it is waged.

This is Africa's oldest running war. It began in 1960, turned into a real bloodbath in 1977-78, flagged, and then last week showed signs of boiling up again in earnest. Ethiopia, it appears, was the aggressor in a testing border assault, although that is disputed in the usual exchange of claims between Addis Ababa and Mogadishu, whose regimens are alike in their zealotry.

Other wars may be bloodier but none are sadder. Somalis say Britain had no right in 1897 to give Ethiopia title to the Ogaden, a desert inhabited by nomads, many of them Somalis. On independence in 1960, Somalia revived its claim and proxy guerrillas asserted it. The war has produced little but corpses.

And refugees. As many as 1.3 million refugees — the largest outpouring in Africa. They live in misery unusual even for Africa; they are afflicted by drought as well as by "liberators," and they survive only with subsistence help from the United Nations.

Ethiopia's case is no more deserving. Its

ostensibly socialist regime rules with the aid of 3,000 Soviet advisers and 13,500 Cuban troops. In spirit Ethiopia's policies are closer to Macbeth than Marx; its ruling warlord, Colonel Mengistu, seems fully capable of flipping opportunistically to the West if circumstances warrant. Such dexterity has already been displayed by his Somali rival, President Siad Barre, once a Soviet client but now a supplicant for American aid.

Fortunately, the United States did not take up Somalia's pleas for advanced planes and missiles, baited with the offer of a former Soviet base in Berbera. However tempting the base, the price would have been American involvement in Somalia's wars. That in turn would have given Ethiopia the justification it now lacks for Soviet-bloc assistance in the Ogaden, not to mention the war it is also fighting against Eritrean insurgents.

The United States has vital interests in the Horn of Africa; the most important one is still to stay out of this bitter regional conflict. The responsibility for ending this sad war lies not in Washington, but in Africa, with the Organization of African Unity.

Khomeini on the March

From THE WASHINGTON POST

Iran's invasion of Iraq has dismayed most countries of the region, not to mention more distant countries whose well-being depends on stability around the Gulf. It was bad enough when Ayatollah Khomeini was broadcasting his doctrine of Islamic fundamentalism among conservative Arab regimes vulnerable to revolutionary contagion and Shiite subversion. It is worse now that he has sent his army, the second most powerful in the region, across a national frontier.

Israelis appear pleased, noting that the Khomeini regime has proved pragmatic enough to shop in Israel for military equipment. They hope fear of Iran's rampant faith and force will distract the Arabs and perhaps incline Jordan, for one, to deal with them.

Such expectations run directly counter to the currents carrying the Khomeini revolution ahead. A leading Iranian complaint is that the Arabs have shirked off their duty to "liberate" Palestine. This complaint is leveled even against Iraq, the Arab country most systematically hostile to the "Zionist entity." Alone among Moslems, Iran has sent soldiers to help the PLO in Lebanon, meanwhile extorting the Arabs for cowardice. To Ayatollah Khomeini, Baghdad is but a step on the road to Jerusalem. It takes a cool nerve, or

considerable myopia, for Israel to put the short-term advantage of the Iranian invasion over the longer-term risk of Iranian success.

But if it is too much to expect Israel, embattled as it is, to take the longer view, there should be no comparable hesitancy among the Arabs and their friends. Egypt, seeing a chance to break further out of its Camp David isolation, is making a show of its readiness to assist Iraq with arms supplies. To the conservative Gulf regimes, which foolishly poured upward of \$20 billion into Iraq to sustain its invasion of Iran, it should be worth far more to blunt Iran's invasion oow.

Can the ayatollah arouse Iraq's Shiites? Will Iran's professional officers or volunteer soldiers fight as effectively in aggression as they did in defending their own soil?

Iraq's long antagonism to America removes the possibility of direct U.S. support of Iraq. But the Reagan administration should be able to convey to and through friends like the Saudis its interest in restoring the territorial status quo and in turning the Gulf's conflicts to peaceful channels. Meanwhile, there is the crisis in Lebanon. It is precisely because of the stakes in the Gulf that the Lebanese situation and the Israeli-Palestinian hostility behind it must be eased.

Out of Work in America

From THE WASHINGTON POST

With Congress busy cutting programs and raising taxes, it is easy to forget that some parts of the United States are in the midst of a depression — not a recession, but a real old-time depression. Nationally, almost one in 10 job-seekers cannot find work, but in some localities unemployment is almost twice the national rate. What can be done?

The House Ways and Means Committee recommends that the government provide an extra 13 weeks of unemployment benefits to hundreds of thousands of workers in high unemployment states. But this is not a normal recession in which all you want to do is ride people over until they get called back to their jobs. Many jobs in auto, steel and other basic industries are never going to come back.

One way to help workers make a more permanent adjustment would be to re-employ them doing other things that need doing in areas where local governments are having to cut back sharply on services. A House leadership proposal before the Appropriations Committee would give jobs to the long-term

unemployed in hard-hit areas doing repair and maintenance work on roads, bridges and other public facilities. Workers might learn new skills and perhaps get permanent jobs if the local economy improves.

Other approaches would spend money to train workers for industries likely to expand when recovery comes. The Senate passed a job bill that would provide up to \$100 million for this purpose, using local private industry groups to organize the training. Another measure awaiting House action would spend \$250 million to train skilled workers for the defense industry.

The best approach would coordinate all these efforts — tie unemployment aid to a worker's willingness to take a new job or training, and develop jobs and training with an eye to future labor shortages. But that would require recognition by the administration and Congress that the trend in unemployment has been upward for a long time and that bringing it down is no longer a matter of simply waiting out the business cycle.

Other Editorial Opinion

The Namibian Negotiations

It would be a tragedy if the issue of the Cubans were allowed to abort the Namibian negotiations at this late stage. Angola has made it absolutely clear that they will leave when the threat of South African attack is removed — and with South African units now operating at will across the Namibian border, that is a very real threat. What the Western five must do is persuade Angola and its African allies that it is not just a question of Cuban withdrawal, that is related — indirectly — to a Namibian settlement, but the stability of the whole region. If the Africans could be given a Western-backed assurance that South Africa would cease its destabilization activities in other parts of the region — for example in training and supplying anti-government guerrillas in Mozambique — then a demand for Cuban withdrawal might become more acceptable. In that way, a Namibian settlement would indeed become

what its promoters desire: a basis for stabilization throughout southern Africa.

— The Financial Times (London).

Cash on the Barrelhead

The grain/pipeline analogy is misplaced. If the Europeans sold pipelines on the same terms that the United States sells grain, there would be no problem. The big problem with the pipeline deal is that it will be financed with Western capital at below market rates. This not only represents a large net transfer of resources to our sworn enemy, it makes the Western financial system vulnerable to future Soviet economic and political demands. We are merely asking the Europeans to impose the same restraints on themselves as the United States has for some years.

In Soviet trade, the principle should be applied on the barrelhead. Better yet, hard currency on the barrelhead.

— The Wall Street Journal (New York).

JULY 21: FROM OUR PAGES 75 AND 50 YEARS AGO

1907: Korean Emperor Abdicates

SEOUL — The emperor's abdication came as the culmination of an all-night session of the Cabinet with the emperor, the ministers urging the necessity of the step as the only thing possible in view of the situation. Reports from inside the palace say that the emperor is in dire straits. He fought against abdication, finally giving way to urgent appeals and representations that Japanese guns were trained on the palace. He conferred with trusty followers as to the possibility of finding an asylum at the American or Russian consulate, but to no avail. The city is under the control of Japanese troops, and there have been many clashes between the mob and the police and soldiers.

1932: Suppression in Prussia

BERLIN — In a few but intensely dramatic hours, the German federal government suppressed the elected government of Prussia and virtually declared martial law in Berlin and the province of Brandenburg. The administration of Prussian affairs was taken over by the Reich government. Chancellor von Papen being appointed Reich commissioner for Prussia by presidential decree. The Prussian ministers have declared they will not be unseated except by force, pending appeal to the supreme court on the legality of the Reich government's action. Police and troops are patrolling near the Prussian government's offices and crowds are collected in expectation of the ministers being forcibly ejected.

JOHN HAY WHITNEY (1904-1982), Chairman

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ARTS / LEISURE

An Electric 'Lear' With a Few Short Circuits

By Sheridan Morley

International Herald Tribune
LONDON.—What separates the other young lions who have taken over from the Terry Nunn-Trevor Nunn generation at Stratford this summer is an intriguingly old-fashioned belief that the audience, rather than the playwright or the cast, must come first. His new "King Lear" is like his Manchester "Maliboo" and "Farewell," a constant feast for the eye and the ear, a feast in which the only forbidden fruit would appear to be boredom.

From the moment the lights go up to reveal Cordelia and Lear's Fool playfully joined around the neck by a nose, it is clear that we are in for a cerebral, academic reworking of the text. Instead, we appear to be in the midst of a period of mirth, the kind of thing Wilkie Collins might/might have dreamed up on a good day. "The Man in White," a lot of outer darkness surrounds a centrally lit area within which Michael Gambon—who must be the only actor in recent times ever to have started out as

King Lear and ended up resembling Uncle Vanya in pajamas—gives away his kingdom and then lives to regret it.

There are some stunning performances, not least Antony Sher as a Fool pitched somewhere in the gap between George Robey and Groucho—a genuinely manic music-hall entertainer, forever awaiting the applause that even Lear is at the last unable to deliver, and accidentally sent to meet his maker in a moment of confusion by the king himself, thereby making nonsense of the later "my poor fool is hang'd" line.

But this, according to Noble, is a play of considerable confusion in which a lot of things happen that somehow weren't meant to, at least not in this order. One of his most brilliant notions is that the Fool alone sees all this coming, sees in moments of terrible lucidity the gathering chaos of the kingdom and then retreats into yet another end-of-the-pier routine rather than confront his beloved Lear with the full realization of what he has done to their chances of survival as a double act.

At Chichester, a brave attempt to

get back to the golden days of "Royal Hunt of the Sun" and "Vivat Regina" by commissioning a large-cast, wide-stage historical epic has gone sadly astray in "Cavell" largely because the theater appears not to have found a playwright. Keith Baxter is an actor of considerable achievement, but as a dramatist he inclines to the worst of School Radio circa 1950.

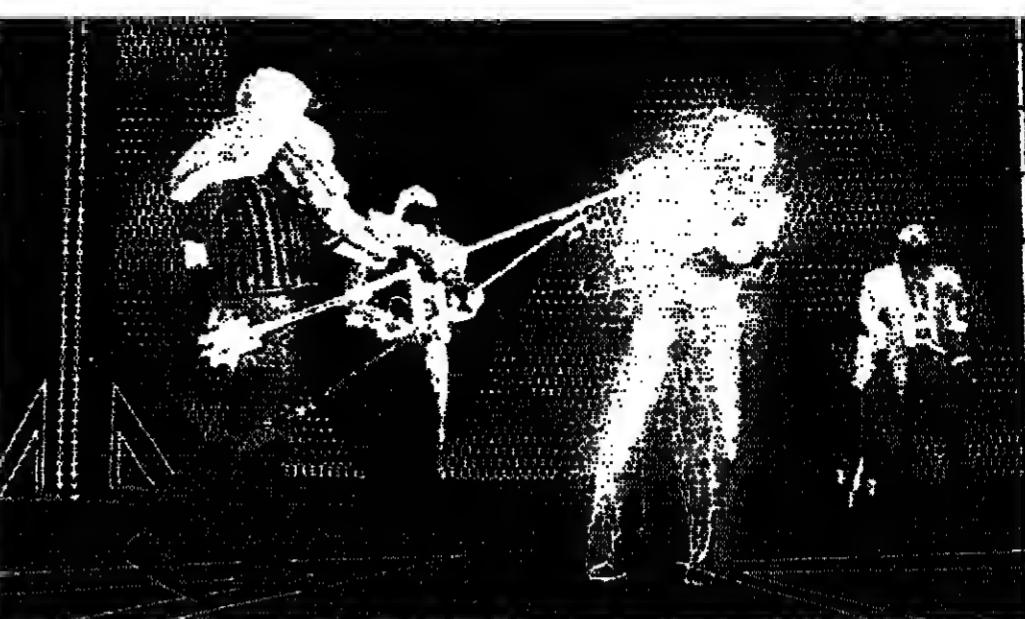
To have a narrator (Nigel Stock playing the common-man journalist) say that "1907 was a damn good year—Kipling won the Nobel Prize and Miss Cavell arrived at the clinic" does not inspire confidence, and the evening gets no better when he has to compress an already too-rapid history of the prewar years into "other things were happening in Germany—fairy man, the Kaiser—then the Titanic went down, Scott died at the pole, it was a war no one wanted."

The closing impression of Noble's Lear, dominated throughout by light bulbs on long flexes, is that a convention of period electricians has somehow managed to fuse the world. It's impressive, but it still shorts out a lot.

to play. She manages heroically not to laugh when a subordinate runs in with the news that "there's been a dreadful battle at Mons," and does a touching moment trying to explain her apparently lesbian love life to an understandably aghast Dulcie Dray (as Mrs. Cavell), but beyond that a great actress has been left stranded by an extraordinary failure on the part of Patrick Garland, a generally admirable director, to send out after the first rehearsal for somebody who could write a play rather than a pageant. Patriotism, said Cavell, is not enough; nor, I fear, is "Cavell."

To the Royal Court has come a wonderfully sour slice of American mythology much underrated elsewhere; written by Terry Johnson, "Insignificance" is set in a 1953 New York hotel bedroom populated by four legends: Marilyn Monroe, hot from the filming of the skirt-up scene in "Seven-Year Itch," has come to meet her hero Albert Einstein; she is being pursued by her husband, Joe DiMaggio, and Einstein is being pursued by Sen. Joe McCarthy, who wants the scientist to agree to the U.S.-and-Soviet atomic program at the price of not being called to testify at anti-Communist hearings.

In the midst of this shredded court stands Joan Plowright, predictably tough and imposing as the nurse doomed to a German firing squad but, alas, given no part



Kevin Flynn (Jeff Bridges) being pulled by video game guards in "Tron."

'Tron': A Beautiful but Dumb FilmBy Janet Maslin
New York Times Service

NEW YORK.—"Tron" means to be a glorious puerile movie, the full-fledged screen embodiment of a video game. It means to go to the heart of video-gamership, and its premise is very promising. What if those tiny Space Invaders and Pac-Men were real creatures, miniature gladiators sent to do battle for the amusement of their captors? What if a movie could capture the very spirit of a computer toy and make it last not just for a few coins' worth of time, but indefinitely?

The lavish Walt Disney production "Tron" tries prodigiously to do this, but its technological wizardry isn't accompanied by any of the old-fashioned virtues—plot, drama, clarity, emotion—for which other Disney movies, or other films of any kind, are best remembered. It is beautiful—spectacularly so, at times—but dumb.

"Tron" was written and directed by Steven Lisberger, who works in a passionate but choppy style, sometimes omitting the basics that ought to hold a scene together. It is a hard film to follow, because Lisberger's script is an odd blend of technical terminology and childish slang.

Kevin Flynn (Jeff Bridges) is a smart-alecky scientist who in his spare time has developed the program for Space Paranooids, a computer game that makes money hand over fist. Kevin's employer, Ed

Dillinger (David Warner), has appropriated the game. When Flynn tries to break into the company computer to find evidence of Dillinger's theft, the computer decides to show him who's boss. It transforms him into a tiny prisoner inside its circuitry. The actors from the film's real-world narrative—Bridges, Warner, Bruce Boxleitner, Cindy Morgan and Barnard Hughes—all appear as altered versions of themselves in the computer world.

Beyond this, the film gets hard to explain. As it follows Flynn's efforts to flee this electronic maze it becomes a series of breathless chases. Flynn and a few other would-be escapees whiz across a landscape of grids and mazes, accompanied by a sound track filled with deafening crashes.

Following the example of "Star Wars," Lisberger tries to make his heroes boyishly courageous, accompanying each act of derring-do with a joke or a shrug, and transposing old-fashioned adventure-movie dialogue into a futuristic tale. This looked easy and natural when George Lucas did it, but not here. And there are almost no scenes that don't depend heavily on special effects added after the acting was done. How can the performers keep from seeming as if they're acting in a void?

Anyone not discouraged by these drawbacks will find "Tron" a wonder to behold. Its visual effects are wonderfully new. They are also numb after a while. They're loud, bright and empty, and they're all this movie has to offer.

Covering Up What a Bathing Suit RevealsBy Ethel Nemy
New York Times Service

NEW YORK.—I have never been fond of my thighs, and about 10 years ago the vague dissatisfaction turned to positive hate. Every time I looked at them, which was as infrequently as possible, they reproached me.

"Why don't you lie on the floor and kick?" they would say. "Or get on a machine and cycle or run or jump."

Once in a while, when conscience twinged more than usual, I'd get on the floor and do a few situps, but it would ruin my day. If I decided to exercise in the morning, I'd lie in bed not wanting to get up. If I postponed the kicking till evening, the day was ruined by thinking about what was ahead.

It was obvious that the only thing to do was to keep my thighs to myself and not inflict them on the world. This wasn't ideal for someone who loved swimming. For a couple of years I was beached, fully clothed, visually sporting an enormous hat to support my declaration that I didn't like the sun.

Then, one day, inspiration struck. I would wear tights, colorful ones, with my swimsuits. From then on, I can say with all due modesty, I was the sensation of every beach and pool I graced. Heads would swivel when I hove into sight in my yellow swimsuit with purple tights or red suit with fuchsia tights. My husband was so mortified at the minor furor that he disclaimed relationship—and he's since

refused to appear with me. He swam before, after or some distance away, which meant that my grand entrance was always made alone—but no matter.

I was, in short, self-conscious about appearing in a bathing suit—a situation that I have discovered, is not unique.

Tanned Flab

Benita Feurey is also self-conscious about her thighs—not the back or the sides, just the front. "There's flab there," she said. "I can't wait to get tanned because my theory is that dark flab looks better."

Feurey, who produces the New York edition of Good Housekeeping magazine, said that she was so conscious of her flab that she checked out every other woman on the beach, hoping they would have some.

Thighs are also the bête noire of the actress Marilyn Sokol, especially when she's uncovered on the beach. "They look like cottage cheese," she lamented. "Depending on gravity, they sometimes have a life of their own."

Patricia Trainor, 5 feet 10½ inches tall and slim, is generally considered to have a splendid figure. That matters not a whit to her when she's in a swimsuit. She's fine in the front, she agrees, but what she wonders, is the impression she makes as she walks away. "It's the finale, the walkaway, I'm most aware of," said Trainor, who is in public relations. What exactly is wrong with her finale? "I won't go into it further," she replied.

Night Swimmer

Most people who know Lorna de Wangen, vice president of Poiray Jewelers, would think that she and bathing suits had a natural affinity. Not so, she said. "I've spent the greatest part of my life covered up from knees to neck. I think I'm hippy. I hate bathing suits. I'd rather be bundled up in a ski outfit."

No matter how slim the actress Arlene Dahl is, she always wishes she had lost five pounds the week before she puts on her swimsuit. And because she has the type of skin that burns rather than tans, she is not too crazy about showing herself among the tanned and terrific. "I look like a white feather in the middle of an Indian dance."

Photography Scene: Highlights at Arles

Archaeology of a War, Joe Heidecker, Salle Henri Coste, to Aug. 21.

Heidecker's photographs, taken during World War II on most of the war fronts from the Atlantic to the Urals, are an extraordinarily sensitive testimony of suffering and destruction by a reluctant soldier. Heidecker emigrated from Germany with his parents to Vienna in 1933, but was drafted into Hitler's army in 1938 after the Anschluss. His darkroom work for the propaganda section took him all over occupied Europe and enabled him to circumvent censorship. He spent most of his military service in Warsaw. His wife helped him hide his negatives of life in the ghetto before its destruction. Heidecker said that he "did not have the courage to go through it all" again after the war, and he waited more than 35 years before printing his pictures. Other exhibitions in the International Photography Festival at Arles include:

* * *

In a Frame of Journey, Henri Cartier-Bresson, Robert Frank, William Klein, Max Pava, Bernard Plossu, Hotel de Ville, to Aug. 21.

* * *

Among these snapshots by photographers traveling abroad and taking pictures that most tourists don't see because they are too busy snapping "the sights," especially remarkable are those taken by Plossu during a trip to Mexico from California. The main, unobtrusive feature is the car in which he travels.

21 European Photographers in 1982, Salle des Fêtes, to Aug. 21.

—C.G. CUPIC

INTERNATIONAL BUSINESS OPPORTUNITIES

SENEGAL PART OF THE WEST VILLAGE AND PASTORAL HYDRAULIC PROGRAMME

WEST AFRICAN ECONOMIC COMMUNITY
MINISTERIE DE L'HYDRAULIQUE
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PROJECT FOR CONSTRUCTING AND EQUIPPING 250 WATER SUPPLY POINTS
FINANCING: JUWAT FUND FOR AFRICAN ECONOMIC DEVELOPMENT
AND LA BANQUE AFRICA DE DEVELOPPEMENT ECONOMIQUE (BADEA)

Invitations for international tenders will be issued. The arrangements for these will appear in the press in due time. The work is forecast to start off early 1983.

John Pfahl, Galerie Agathe Gaillard, 3 rue du Pont Louis-Philippe, to July 31.

Pfahl places colored objects in the foreground of urban and country landscapes and photographs them with differing perspectives. The results, sometimes in sequences, appear dry at first but slowly sink in with a certain kind of humor.

—C.G. CUPIC

Mario Sammarugi, Galleria Del Milione, via Bigli 21, to Sept. 30.

Samarugi picks up pieces of garbage off the street and makes shiny color photocopies of them or takes color-rich pictures of decaying walls. His archaeology of consumerism turns an ordinary pink plastic bag into an eyecatching design.

PARIS

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INTERNATIONAL BUSINESS OPPORTUNITIES

SENEGAL PART OF THE WEST VILLAGE AND PASTORAL HYDRAULIC PROGRAMME

WEST AFRICAN ECONOMIC COMMUNITY
MINISTERIE DE L'HYDRAULIQUE
REPUBLIQUE DU SENEGAL

PROJECT FOR CONSTRUCTING AND EQUIPPING 250 WATER SUPPLY POINTS
FINANCING: JUWAT FUND FOR AFRICAN ECONOMIC DEVELOPMENT
AND LA BANQUE AFRICA DE DEVELOPPEMENT ECONOMIQUE (BADEA)

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Mr. le Directeur de l'Hydraulique Sécurité de Radeau
Rue des Fleurs Maristes - BP. 2041 - DAKAR-MARRA - SENEGAL

These documents shall consist of one original and three copies in French plus two copies in English. Another copy in French shall be sent directly to:

R.E.G.A./A.G.E. - BP. 6009 - 42000 OLEANS CEDEX - FRANCE

The official language of all correspondence shall be French.

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INSIGHTS

Islamic, Jewish Fundamentalism Changing Course of Arab History

By Jim Hoagland
Washington Post Service

WASHINGTON — The invasions of Iraq by Iran and of Lebanon by Israel have brought the Arab world to the brink of shattering historic change. They threaten not only individual Arab regimes and the Palestinian guerrillas but also the survival of the modern Arab nationalism fashioned three decades ago by Egypt's Gamal Abdel Nasser.

The result is still far from certain. Iraqi troops and civilians fighting on their own territory could repel the Persian invaders and rescue the Arab nationalist regime of President Saddam Hussein in Baghdad. The Palestinian guerrillas trapped in Beirut could still emerge alive to reclaim the role granted them at the human waste vane of Arab nationalism.

But the twin challenges of Islamic and Jewish fundamentalism unleashed by Ayatollah Ruhollah Khomeini of Iran and Prime Minister Menachem Begin of Israel have confronted the Western-oriented political establishments of the Arab world, dominated by the Sunnis, or traditional, branch of Islam, with a potential disaster that the United States appears to be powerless to help them escape.

Iran's continuing victories against the Iraqi Army have consolidated Ayatollah Khomeini's once-shaky religious regime, led by believers in the revolutionary Shi'ite branch of Islam, and established what an European diplomat now calls "the first true revolution in Islam." Through this war, Iranians are becoming to Moslems what the Russians became to Communists through their revolution and victories over the White Army after 1917."

If Ayatollah Khomeini succeeds in his vow to topple Mr. Hussein and establish a government in Baghdad sympathetic to his Islamic revolution, the border between the Arab world and the Islamic and non-Arab East would effectively disappear. The revolutionary impulses of Shi'ite Islam would sweep again down the western shore of the Gulf toward the Mediterranean Sea.

Loss of a Decade

Even before the Iranian thrust across the Shatt-al-Arab estuary, Israel's bold pursuit of the Palestine Liberation Organization's guerrillas all the way into Beirut had broken the political clock of the Middle East as it had been thought to be ticking since the 1973 Arab-Israeli war and the beginning of the energy crisis. Suddenly the Arabs were yanked back at least a decade, seemingly mired again in the hopelessness and humiliation that President Anwar Sadat of Egypt and King Faisal of Saudi Arabia had sought to ease with the October war against Israel and the use of oil as a weapon against the West.

The Camp David accords and the oil glut have kept Egypt's military forces and the Saudis' petroleum sword sheathed during this crisis. The conservative and moderate regimes friendly to Washington were reduced again to warning of the threats that terrorism from embittered and radicalized Palestinians would pose to their survival and to American interests in the region.

For Mr. Begin, the elimination of the PLO would bring him closer to a central goal of the militant strain of Zionism he has always championed — a Jewish state occupying all of mandated Palestine, including the territory known to the Arabs as the West Bank of Jordan and to Mr. Begin as Judea and Samaria. The invasion has turned Camp David into little more than a hindrance for Mr. Begin and his followers, who want to annex the territory, a hindrance that they will probably find a way to dispose of in the near future.

The replacement of the secular Baathists regime in Baghdad by an Islamic revolutionary beholden to Ayatollah Khomeini would also be enormously unsettling for the rulers of Saudi Arabia, Kuwait, Jordan, the United Arab Emirates and Egypt, all of whom are Sunni Moslems and whose survival, the United States has repeatedly suggested, is important to American interests. At the same moment in history, the Sunni Moslems who head the PLO and who define its nationalist aims face extinction by the Israeli Army.

Deep-Seated Differences

Complex historical, cultural and doctrinal differences separate the Sunnis — the followers of the *Sunnah*, or "beaten path," of orthodox Islam — and the Shiites. These differences go back to the seventh century and the struggles that erupted after the Islamic prophet Mohammed's death. They are often simplified as centering on the Shiites' belief that the leadership of their society passes through a line of succession of imams that started with Mohammed's grandson Ali, and not through the historic caliphs who won the power struggle in Mecca and set out their interpretations of the prophet's teachings.

This has produced a profound difference today: In most Sunni-ruled countries, religious activities are regulated by the state and often treated as an appendage of the bureaucracy or political system. In Shiite-ruled Iran, the Imam Khomeini's authority is supreme, and the state exists to serve Islam.

"Sunni Islam is the doctrine of power and achievement. Shi'a Islam is the doctrine of opposition," the British writer Edward Mortimer records in his forthcoming book, "Faith and Power: The Politics of Islam." "The starting point of Shiism is defeat: the defeat of Ali and his house by the Umayyads [the original governors of Mecca] ... Central to Shiism's appeal, especially for the poor and dispossessed, is the theme of suffering and martyrdom — a theme reminiscent at times of Christianity."

"Khomeini has shown that the Shi'ite religious movement is the only successful mobilizer of masses in the region today," said a Sunni Arab politician. "The theme of justice for the oppressed, for the poor, is a powerful one for those who have been left out as the Arab elites manipulated the West for their gain by emphasizing abroad how secular their political parties were and how modern their states were, while behaving at home as if they were totally committed to Islam."

"Iran as a totalitarian state under the shah was much easier for the Arabs to deal with even though it was stronger militarily," he continued. "The shah [Mohammed Reza Pahlavi] fought with [Iraq's] Saddam for a while [in 1974] and then he made a deal to stop fighting. That dispute was over something tangible, and could be settled on national

grounds. Khomeini is challenging everyone on religious grounds, and there can be no compromise."

The Sunni elites interested in power and modernization have been the natural avenues for Western intrusion into the region. Much of the ambivalence — schizophrenia to critics — that has made these cities vulnerable to Islamic challenge results from that interaction with the West, and particularly with a United States that sought over the past decade to build up two non-Arab states, Israel and the shah's Iran, into the region's superpowers.

Stirrings of Nationalism

Occupied for centuries by the Ottomans and for much shorter periods by European colonists, the Arabs of Egypt and the Levant began to reassess their common culture, language and heritage in terms of nationalism toward the end of the 19th century.

After World War I, a deep sense of national injury sprang up among the Arabs. They believed that Britain had promised that Palestine and much of Lebanon would be part of the new independent Arab nation as a reward for their help against the Germans in the war. Instead, they saw Britain take over Palestine and promise Jewish emigrants from Europe a "homeland" there, and then they saw France take over Lebanon.

The defeat of the Arab armies in 1948 by Israel triggered the rise of President Nasser and the Free Officer movement in Egypt and the subsequent efforts to found a new, strong, and ideologically motivated Arab nation. With hesitation and continuing uncertainty, U.S. Middle East policy-makers came to support Arab nationalism and the concept of strong Arab state structures as useful tools in combating Communist influence in the region. Mr. Nasser and the officers and coup-makers who came to power elsewhere in the region did move quickly to crush local Communist parties.

The United States was also strongly supporting the shah's efforts to secularize and modernize Iran, whose population of 36 million is largely Shiite. Displaying a penchant for martyrdom that staggered the shah's Western supporters and broke the monarch's will, the Shiite mullahs led the street demonstrations that drove the shah into exile in January, 1979, and brought Ayatollah Khomeini to power the following month.

Large Shiite populations also live in Iraq, where they make up about 55 percent of the 13 million population, and in Lebanon, where they are perhaps one-third of the 3 million inhabitants. For different reasons, the Shiites in Iraq and in Lebanon may now hold the key to the shape of Arab nationalism in their countries.

In Iraq, the ruthless Baath nationalists, who seized power in 1963, were able to push secularization of the state and party beyond Mr. Nasser's most ambitious dream for Egypt. But despite major economic advances for the population as a whole, political, military and economic power remained largely in the hands of the Sunni Arab minority. President Hussein's periodic crackdowns on Shiite demonstrators and clergy, and especially the torture and execution in April, 1980, of Sayed Baqir Sadr, a Shiite ayatollah who supported the ideas of

Shiite opposition, is another pole of Shiite opposition to Mr. Hussein.

The increasingly strong Iranian showing against the invasion that Iraq launched in September, 1980, has pushed the once radical Baathists to join with conservative Sunni leaders such as King Hussein of Jordan, King Fahd of Saudi Arabia and the Kuwaiti ruling family, all of whom are only recently high on the Baathists' revolutionary "hit list."

Despite urgent appeals by these leaders to



The country is Lebanon but the signs are in Hebrew. These arrows, near Tyre, were put up by the invading Israeli Army.

Ayatollah Khomeini on Islamic government, have made the Shiite majority fertile ground for the Iranian message of religious revolt.

"Khomeini will not install a government in Iraq if he wins," predicts an Arab politician in touch with the Iranian government. "That is not his style. He will be the religious guide, not a ruler."

But Sayed Baqir Mohsein al-Hakim, an Iraqi Shiite religious leader who escaped to Tehran two years ago, undoubtedly would have great influence in a Khomeini-backed government. The underground Islamic Da'wa (the Call to Islam) Party, which has practiced sabotage inside Iraq and kept its leadership secret, is another pole of Shiite opposition to Mr. Hussein.

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Washington, the Reagan administration reaffirmed its neutrality in the war as Iranian troops crossed into Iraqi territory. This appears to have fanned new suspicion among Sunnis leaders that the United States is keeping its options open to switch to a more friendly post-Khomeini Iran as a bulwark against Soviet expansionism if conditions change.

In Beirut, Shiite leaders had made their own deal with the Maronite Christians who effectively excluded Lebanon's Shiites from real power for four decades. They are now visibly bargaining with the U.S. mediator, Philip C. Habib, in an effort to save West Beirut and Yasser Arafat's el-Fatah guerrilla organization from destruction by the Israelis. Fatah, which has come close to saying it will agree to accept a West Bank-Gaza state and make peace with a pre-1967 Israel in return, is seen by most Arab regimes as a pragmatic Shiite center for the PLO.

The Maronite Christian militia, which the Israelis evidently hope to install as the dominant political power in Lebanon after they withdraw, will need the help of the increasingly strong Shiite militia to keep the lid on. Ayatollah Khomeini's strong ties to the Lebanese Shiites could be the decisive factor when the Shiites decide how to play their cards.

The enormous dangers the Arab governing elites suddenly face have provided a reminder that one were needed of the cyclical nature of Arab politics. Riding high after the 1973 war and the explosion in petroleum revenues, few

Arabs could imagine that their nations would ever again taste the kind of bitterness and defeat they had known in the 1960s. Today, it is easy to conclude that apocalypses is at the doorstep.

But beyond the momentary ascendancy of the Shiite movement and the dilemma the Arabs now confront is almost certainly the beginning of a new cycle, with a new group of nationalists — perhaps Sunnis, perhaps Shiites, perhaps both — already gathering in army barracks or a political club to begin the long and difficult process of redefining and integrating again the force of Arab nationalism that will rise to haunt the political heirs of Mr. Sadat and Ayatollah Khomeini.

(Jim Hoagland is The Washington Post's assistant managing editor for foreign news.)

Middle American City's Growing Distress Casts Doubt on Reagan Policies

This account was reported and written by Haynes Johnson, Dan Balow, Robert G. Kaiser and Keith B. Richburg, with polling by Barry Sussman.

Washington Post Service

ST. JOSEPH, Mo. — Farmers come to Hugh Miner in increasing numbers these days. Even in the best of times conducting business is difficult for Mr. Miner and his clients. Now it has become especially painful.

"Each one that sits there is doing something that's completely contrary to his nature," Mr. Miner says. "And I went to a family friend of ours who is a psychiatrist to see if there would be some manner of my approach that would alleviate the situation somewhat, to put them at ease so we could at least get the job of getting information from them more readily and be able to proceed."

The business is bankruptcy. The farmers who walk into Mr. Miner's law office are part of a disturbing new phenomenon here in this northwest corner of Missouri. They are part of America's new poor, people forced by circumstances beyond their control to give up their homes and land — or stand in unemployment lines or wait for a handout of surplus government cheese, as others here are doing. Their ranks are growing. So are their anxieties. That, too, is alien to their nature. They never thought they would find themselves in such straits.

"They literally have no other place to go than to contemplate suicide on the one hand or bankruptcy on the other," Mr. Miner says. "The economic vis has caught them. They have their farmland mortgaged for more than it's worth in a descending market. Interest has compounded, making their costs astronomical. They have not been able to recuperate and make any profit from the sale of their crops. It's not even been a break-even process for many of them. Plus they've had a succession of disasters, either drought or extra wetness or something of that kind. In some instances they've had the place to which they sold their grain go bankrupt. Many of them, not all, are in real hard times."

That is not to suggest that St. Joseph resembles a desolate Great Depression scene of shuttered factories, soup lines and executives selling apples on the corner.

"I see people out playing ball," said Larry Koch, a city councilman. "Like last night, every team had a case of beer, all of them are driving cars, their kids are well fed. You go out and eat dinner, and every place is doing a thriving business. The better stores are doing a good business. It's not visible to the people I see."

Famine is not sweeping across the prairies. Grass is not growing on Main Street. St. Joseph's people are friendly, its church congregations exude a sense of well-being and confidence, and its life proceeds with what appears to be normal rhythms.

Hard Times

But hard times, the worst since the Great Depression of the 1930s, have descended on this quiet city of 76,000 in the center of the American agribusiness area. Even if some have not yet noticed, practically the whole town has been affected. St. Joseph is in trouble, and the trouble could soon be much worse.

The recession strikes with special severity at a time when many of the community's institu-



Statue commemorates frontier mail carriers whose routes originated in St. Joseph, Mo.

the fabric of this community some history is in order.

When Robert Ford shot "Thomas Howard" in a frame house here a century ago this spring, putting Jesse James in his grave, a local booster had a bright idea: Let the town slogan be "St. Joseph, the city that started the Pony Express and stopped Jesse James."

It did not take, but pride in past achievement hangs heavy in St. Joseph. So does the local booster spirit of old, and with good reason. Much history was made here along the Missouri River, where the first covered-wagon trains set out on the overland route to the Pacific. Much wealth was amassed, as the great stone mansions here indicate.

But unemployment this spring has been running at the highest level in the state. The housing industry has come to a virtual standstill. Merchants are struggling to stay in business. Payrolls have been slashed. Companies have instituted shorter work weeks.

Last winter, Whittaker Cable Corp. closed its doors (200 jobs lost). On March 29, the local newspaper offered free job-wanted ads to unemployed residents. The response took up a full page. In June, Wire Rope Corp. of America instituted a 15-hour week for 450 employees and will do the same for 400 more. The building trades have no hope for relief before next spring, and in the last 18 months the International Brotherhood of Teamsters local union has lost nearly 40 percent of its membership.

"You want to know about St. Joe today?" asked David Bradley, proprietor of the city's morning and evening papers, The Gazette and The News-Press. "Our unemployment's been running between 12.5 and 9.5 percent. It's tough on the street. It's tough on small merchants. There's nobody on Main Street making a quarter anywhere." When one firm posted 70

job openings recently, more than 1,000 people showed up to apply.

To older residents, that long line stretching around the block recalled scenes of the soup-kitchen crowds that began to form each afternoon at 4 in St. Joseph in the depths of the Great Depression. Tales of bankruptcies and foreclosures circulated throughout town. Most troubling of all for the future, as Hugh Miner's clients know all too well, is that for the first time in many people's lifetimes the value of farmland has been declining. It has dropped as much as 30 percent in the last year.

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cent a year in 1976 and 1977, the latest period for which figures were given. The ambitious goal of the latest five-year plan is an annual reduction of 6.1 percent.

To achieve this, high priority will go to investments in microcomputers to monitor industrial processes and reduce waste; and in the installation of robots — 45,000 of them — in five-year period in industries such as textiles and metal foundries.

East Germany's economists acknowledge formidable obstacles. Much of the technology must be imported from the West, and there is an acute shortage of investment capital to pay for the technological push.

Special relations with West Germany assure the East Germans of some help with credit. Last month, both Germans extended an unusual facility that provides the East Germans with \$244 million in interest-free West German credits to finance trade between the two countries.

Second-Highest Debt

Despite such advantages, East Germany amassed the Soviet bloc's second-highest debt in the 1970s — Poland's was highest — because of a grandiose program to import Western machinery to build competitive industries that would pay for themselves through exports to the West. By the end of 1981, East Germany's debt to the West totaled \$12.3 billion, compared with \$22.6 billion for Poland.

The plan was thwarted by a combination of the world recession, which consistently frustrated East Germany's export goals; and high international lending rates that raised the cost of servicing the debt via costly short-term credits.

By mid-1983, East Germany will be faced with repayment of about \$6 billion of principal amounts of debt.

In Budapest, faced with reluctant Western lenders, the Comecon countries agreed on greater coordination efforts to maintain industrial growth targets. East Germany, for example, is to cooperate with Czechoslovakia and the Soviet Union in developing microprocessors for use in industrial processes.

Western analysts doubt that the Budapest proposals will help achieve the quantum technological leap that the East Europeans propose. Similar past efforts, they say, were largely futile because the East bloc countries reluctantly relinquished growth industries to their Comecon partners.

A more fundamental obstacle, they say, is the lack of incentives to reduce the consumption of energy or raw materials and the inability of companies in Communist economies to allow technology to replace labor.

Hungary has gone the furthest of the Eastern bloc countries in liberalizing its economy and introducing incentives. East Germany

INTERNATIONAL BUSINESS / FINANCE

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BUSINESS BRIEFS

AEG Says Banks Agree to Financing

FRANKFURT — AEG-Telefunken said Tuesday that its main creditors have agreed in principle to provide short-term finance for the company.

The government last week granted the floundering maker of electric and electronic goods 600 million Deutsche marks (\$244 million) in export credit guarantees, but Economics Minister Otto Lambsdorff made this aid conditional on parallel help from banks totaling about 275 million DM.

AEG said the 24 members of its bank consortium at a meeting Monday discussed conditions and details of the government credit guarantees. "AEG is confident that a few details which still need to be settled will be clarified in the next two days," the company said.

Chief of Rhône-Poulenc Resigns

PARIS — Jean Gandois resigned Tuesday as chief executive officer of Rhône-Poulenc, France's biggest chemical and textile group. No reason was given for the resignation, which was accepted by the industry.

Mr. Gandois, 54, had headed Rhône-Poulenc since June, 1979, after joining it in 1976. When Rhône-Poulenc and other leading French industrial corporations were nationalized earlier this year, Mr. Gandois was one of only two chief executives asked to stay at the helm of his company. The decision to keep Mr. Gandois at his post was unpopular with labor unions, which had objected in earlier layoffs at Rhône-Poulenc.

Industry Minister Jean-Pierre Chevénement said he would nominate a new chief executive at Wednesday's cabinet meeting.

Control Data to Close S. Korean Plant

SEOUL — Control Data Corp. will soon close a plant near here that produces computer peripheral gear, company officials said Monday.

They cited labor disputes at the plant and restructuring to cope with a sales slump. In early June, 80 disgruntled women workers held two Control Data executives hostage and demanded the reinstatement of six workers dismissed in March. The executives were released unharmed nine hours later.

The South Korean unit, which began operations in 1967 and employs about 330 people, had pretax profit of about 1 billion won (\$1.3 million) last year, the officials said. At Control Data's headquarters in Minneapolis, officials said the plant closing is part of a comprehensive plan that will commit the company to additional investments in South Korea.

Venezuela Reported to Seek Credit

PARIS — Venezuela is seeking a syndicated credit of \$300 million to \$500 million, banking sources said Tuesday.

They said that Société Générale and a group of banks from outside France had sent proposals for such a loan to Caracas but that terms have not been set.

A recent seven-year loan of \$200 million for Venezuela carried interest floating at 7% above the London interbank offered rate. But rates for that loan were especially favorable to the country because the funds were to be used for paying off short-term debt to the banks. Venezuela could not expect such a slim margin over Libor for any new loan, the sources said.

Gulf Extends Offer for Cities Shares

PITTSBURGH — Gulf Oil Corp. said Tuesday it was extending until July 30 the deadline for its offer to buy Cities Service Co. shares. The offer was to have expired Tuesday.

Gulf is offering to buy up to 41.5 million Cities Service shares for \$53 apiece as part of its plan to acquire the smaller oil company for about \$5 billion. Previously, Gulf said about 85 percent of the Cities Service shares outstanding were tendered by July 1.

Compiled From Agency Dispatches

Dollar Posts Sharp Drop In New York

Reuters

NEW YORK — The dollar fell sharply yesterday Tuesday.

Dealers were uncertain about the reasons for the decline. Some believed there was a large order to sell dollars in the interbank market, but others did not detect such an order.

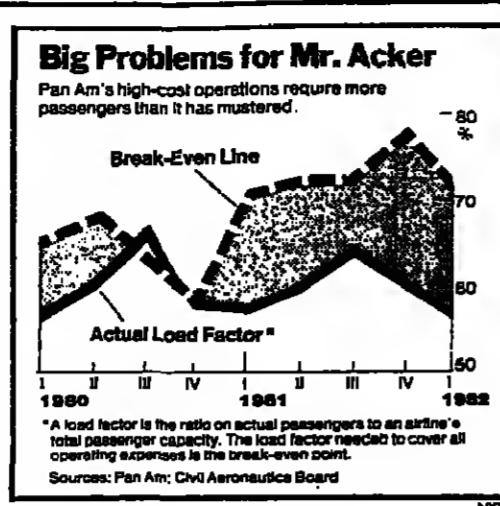
One factor pushing down the dollar were continued signs of lower U.S. interest rates. The rate on federal funds overnight reserves banks lend one another dropped to 11 1/4 percent from Monday's average of 12.09 percent. Eurodollar rates, however, were above their levels by midsession; the six-month rate was at 14 1/16.

There was little reaction to the announcement by Paul Volcker, chairman of the Federal Reserve, that the Fed plans to retain its present targets for money supply growth. Dealers said Mr. Volcker's remarks appeared to contain no departures from previously stated Fed policy.

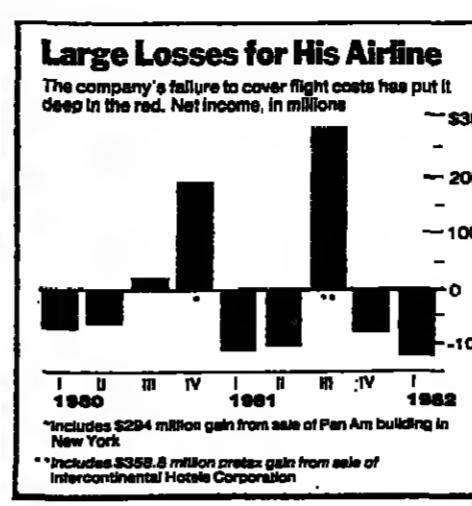
If anything, Mr. Volcker's remarks added to sentiment that the decline in U.S. interest rates, encouraged by an more relaxed Fed policy in the past two weeks, will go much further in the immediate future, some dealers said.

At midsession New York, the dollar was quoted at around 2,450 Deutsche marks after opening at 2,4630 and closing Monday at 2,4730. The British pound rose to \$1.7397 from the opening \$1.7380 and Monday's close at \$1.7367, while the Swiss franc gained in 2,0820 per dollar from 2,0995 and 2,1025.

The ministers also called on President Reagan to invoke a sec-



C. Edward Acker



*Includes \$224 million gain from sale of Pan Am building in New York
**Includes \$362.6 million pretax gain from sale of Intercontinental Hotels Corporation

Pan Am Betting It All on This Summer

By Marilyn Bender
New York Times Service

NEW YORK — As if it didn't have enough worries of its own, Pan American World Airways is now fighting to dispel the ghost of Braniff International.

Shades of Braniff, which recently asked for protection from its creditors under Chapter 11 of the U.S. bankruptcy law, seem to be almost everywhere. The three men charged with the task of rescuing beleaguered Pan Am — C. Edward Acker, John J. Casey and Russell Thayer — are all former presidents of Braniff. And Pan Am's advertising agency is Well Rich Greene, which was responsible for Braniff's jellybean-colored planes in the 1960s, and whose chairman, Mary Wells, is married to Hardling Lawrence, who for 15 years was Braniff's chief executive.

Such coincidences have not escaped the notice of Pan Am's employees, particularly those at corporate headquarters. "Welcome to Bran Am," quipped a secretary on the 46th floor of the airline's Park Avenue offices.

Though many bankers and industry officials call the Braniff analogy unfairly pessimistic, Pan Am, the symbol of U.S. air transport around the globe for 40 years, is, by all accounts, in deep trouble. The airline is one of the highest-cost operators in the industry — has mustered a profit in only three of the last 12 years, and is facing intense competition from domestic and foreign competitors on its North Atlantic and Pacific routes.

Huge Losses

In 1981, Pan Am's airline operations lost an astounding \$352.6 million on revenue of \$3.8 billion. Red ink continued to spill in the first three months of this year, when Pan Am reported its steepest quarterly operating loss ever — \$127.3 million. And industry sources say the second-quarter loss, due out this week, could total another \$70 million.

"Still disastrous," acknowledged Mr. Acker, the company's chairman and chief executive officer. After 10 months on the job, he continues to hold to his earlier prediction that the

company will turn a profit not only in the third quarter, but also in 1983.

Many analysts have serious doubts about whether the airline will make it. A crucial test, they say, will come in the third quarter, when Mr. Acker and Pan Am are counting on a booming summer vacation season to produce a profit.

"A third-quarter profit will gain breathing space for Pan Am," said Michael H. Cartens, transportation analyst for Warburg, Paribas Becker-A.G. Becker. "Beyond that, it's a question of how much revenue they can generate. You don't have very warm feelings when you contemplate the next three quarters."

But a profitable quarter for Pan Am to regain the \$500 million in bank credit it lost last year and to win over skeptics, who in the past two years have watched the airline sell off its two jewels — the hotel division and the Pan Am building — just to stay alive.

"There will have to be an extended period

(Continued on Page 11, Col. 3)

Late Rally Pushes Wall Street Prices Higher

Compiled by Our Staff From Dispatches

NEW YORK — A late rally caused prices on the New York Stock Exchange to close higher Tuesday despite meandering in a narrow range all day, as the market reflected increasing confidence on the part of investors that interest rates are finally moving lower.

The Dow Jones industrial average climbed about three points in the first hour of trading, was down almost three by early afternoon and then turned around in the last

hour to finish with a gain of 7.33 in 833.43.

Advances led declines by an 8-to-5 margin, and volume rose to 61 million shares from the 53 million traded Monday.

The morning rally was sparked by a cut in the discount rate, the interest charged on funds borrowed by banks from the Federal Reserve, to 11 1/2 percent from 12 percent. But analysis said investors were somewhat disappointed that the rate was not cut by an entire point.

Harvey Deutscher of Purcell Graham said selling started to dry in the afternoon when the market managed to hold above the \$20 support level on the Dow average.

"When nothing came in on the downside, investors started to look ahead with more optimism, particularly with respect to interest rates," Mr. Deutscher said.

Michael Metz of Oppenheimer & Co. also attributed the late strength to optimism about interest rates. He noted that the federal funds rate, on overnight loans between banks, fell as low as 10 1/4 percent Tuesday from Monday night's close of 12 percent.

In addition, most major banks dropped their prime rate to 16 percent from 16 1/4 percent and the

broker loan rate was cut to 13 1/4 percent from 14 1/4 percent by several banks.

The market's late turnaround centered on the blue chip issues indicating stepped up trading by institutions.

Volume leader IBM rose 1 1/4%, a new 52-week high. IBM has added a total of three points since reporting an increase in second quarter earnings last Wednesday.

Other blue-chip issues with gains included active Sears, up 1 1/4, AT&T 1 1/2 to 54 1/2, International Paper 1 1/2 to 37 1/2, Procter & Gamble 1% to 37 1/4, United Technologies 1% to 41 1/4 and Merck 3% to 71. Merck reported higher second quarter earnings Tuesday.

Compiled by Our Staff From Dispatches

WASHINGTON — Federal Reserve Board Chairman Paul Volcker told Congress Tuesday that the Fed will keep its relatively tight grip on money supply but will not tighten it further as his earlier long-term plan indicated.

Mr. Volcker, speaking before the Senate Banking Committee, also said that an economic recovery is "highly likely in the second half of 1982," although that recovery will be on the slow side.

Some analysts said the Fed may well cut the discount rate another half a point in a few weeks. Edward Yardeni, chief economist at E.F. Hutton & Co., called such a move "conceivable," adding, "If the Fed is going to act, it will be on the side of caution."

Nonetheless, the Fed has been under considerable political pressure to encourage lower rates. "It's clear the economy, in the eyes of the Fed, is in difficult straits," said Allen Sims, an economist at the consulting firm of Data Resources Inc. "They don't want to make it too difficult to have a recovery, and at this point there are no signs of a recovery at all."

The senior economist at Crocker National Bank of San Francisco, Ted Gibson, said the Fed was clearly trying to avoid a plunge in interest rates, such as occurred in 1980 when the prime rate fell from about 20 percent in April to about 11 percent in August.

Reflecting the recent decline in short-term interest rates, two major U.S. banks cut their prime rates half a point to 16 percent Monday. On Tuesday, the lower rate became general as Chase Manhattan, Continental Illinois and Bankers Trust, among others, moved to 16 percent.

As part of Mr. Volcker's testimony, the Fed's Open Market Committee released a forecast that real, or inflation-adjusted, gross national product will grow 0.5 to 1.5 percent in 1982 and 2.5 to 4 percent in 1983. These projections are considerably lower than the White House's forecasts.

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After all charges

EQUITY ON:
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Dow Jones Averages

	Open	High	Low	Close	Chg.
30 Ind	\$26.50	\$27.71	\$26.02	\$27.43	+\$7.23
20 Trn	318.27	321.44	313.19	318.50	+\$0.23
15 Util	107.42	108.62	106.77	108.20	+\$0.58
45 Strk	219.50	222.99	215.09	221.99	+\$2.19

Market Summary, July 20

<i>Market Diaries</i>	<i>AMEX Stock Index</i>			
NYSE	AMEX	High 254.12	Low 252.61	Close 254.12
				Chg+0.63

Standard & Poors Ind

	High	Low	Close	Chg.
Composite	112.24	107.49	111.54	+0.55
Industrials	125.92	122.01	125.12	+0.81
Utilities	52.01	52.19	52.14	+0.23
Finance	12.19	11.91	12.14	+0.25
Trans.	77.39	74.93	77.25	+0.86

Dow Jones Bond Averages

	Close	Chg.
Bonds	59.11	+0.28
Utilities	57.54	+0.49

NYSE Index

Composite	63.95	63.37	63.37
Industrials	72.74	72.02	72.02
Transp.	53.61	53.13	53.13
Utilities	21.92	21.71	21.71
Finance	61.97	61.51	61.51

NYSE Most Actives

	Series	Close
16M	1,304,900	\$74
Thielke	1,226,100	474
Disney W	1,016,189	514
Citco's	982,000	24
Am Airlin	927,000	164
Rothschild	794,500	25
DeltaArl's	777,400	324
Texaco	702,900	514
Exxon	640,500	154
Sears Roeb	572,200	154
NCR Corp	564,200	54
Amer T&T	545,400	54
UnOICal	218,000	25
East Kodak	215,400	274
AT&T	164,400	204

Tuesday's NYSE Closing Prices

Tables include the nationwide prices up to the closing on Wall Street.

(Continued on Page 12)

Chase Posts Loss; Citicorp Net Rises

Compiled by Our Staff From Dispatches

NEW YORK — Chase Manhattan Corp. reported Tuesday a second quarter loss of \$30 million, stemming from its write-off of \$117 million to cover obligations of Drysdale Government Securities Inc., which collapsed in May.

Meanwhile, Citicorp, the second-largest U.S. bank holding company, said its second quarter profit rose 33 percent from a year earlier. It attributed the gain, in part, to a decline in interest rates from a year ago. For example, most major banks were posting a prime lending rate of 20% percent a year ago, compared with 16 or 16½ percent at present.

In the year-earlier quarter, Chase had net income of \$97.2 million, or \$2.72 a share. For the first half of this year, its profit was \$84.7 million, or \$1.97 a share, compared with \$168.8 million, or \$4.67 a share, a year before.

Loss Forecast

Chase, parent of the third-largest U.S. commercial bank, had predicted the second quarter loss following the collapse of Drysdale Government Securities on May 18. Drysdale defaulted on at least \$160 million in interest payments on securities it borrowed from other securities firms through Chase.

While Chase continues to maintain that it merely acted as a broker in funneling securities to Drysdale from other securities firms, the other firms said Chase was liable for covering Drysdale's debts, and Chase later agreed to do so.

Chase also said that it wrote off in the second quarter \$45 million of loans acquired through Penn

Square Bank of Oklahoma City. Chase said its evaluation of loans acquired through Penn Square is continuing, but it did not specify the total amount of loans it acquired through the Oklahoma City bank, which failed earlier this month.

Chase's net write-offs in the quarter totaled \$64.4 million, up \$17.5 million from the year-earlier second quarter. The bank said the latest quarter's write-off would have been larger but for an insurance recovery of \$15 million.

In the first half of 1982, Chase wrote off \$108.9 million, compared with \$96.1 million in the first half of 1981.

Loss Provision

Chase's provision for possible losses in the second quarter rose to \$55 million from \$51 million in the second quarter of 1981, bringing the balance for possible losses to \$55.1 million as of June 30, down from \$54.1 million at the end of 1981.

The bank's poor-performing loans rose to \$1.05 billion in the second quarter from \$683 million a year earlier and \$907 million at the end of 1981.

Citcorp, whose Citibank is ranked second in the United States and ninth in the world, said second quarter earnings were \$137 million, or \$1.06 a share, up from \$103 million, or 81 cents a share, a year before.

For the first half, net income was \$331 million, up 70 percent.

The bank's loan losses in the first half totaled \$170 million, up from \$136 million a year earlier, reflecting a \$46-million increase in the commercial loan loss provision.

SEC Charges 3 in Fraud Against Paine Webber

By Linda Grant

Los Angeles Times Service

NEW YORK — The Securities and Exchange Commission has filed a complaint against two former executives of Paine, Webber, Jackson & Curtis and a Wall Street investment company owner, alleging that they defrauded Paine Webber by illegally trading government securities at prices more favorable than prevailing market rates.

The case, which comes at a time when the SEC has increased significantly its filing of insider-trading actions, is unusual because it involves not the illegal use of inside corporate information but the rigging of prices by market insiders.

The SEC alleged that two former Paine Webber executives, William Charles Hogan and James N. Cooney, arranged purchases and sales of long-term government bonds to Robert B. Stevenson at artificial prices to insure Mr. Stevenson a profit from the transactions. All three men live in New York.

Britain		1st Half	1982	1981	1st Half	1982	1981	1st Half	1982	1981	1st Half	1982	1981
Rothmans Int'l	Revenue	2,210	2,070	1,970	Revenue	2,210	2,070	Revenue	4,410	5,210	Revenue	4,410	5,210
Profits	64.4	2,930	1,520	Profits	64.4	2,930	Profits	112	374	Profits	112	374	
Per Share	0.32	0.79	0.79	Per Share	0.32	0.79	Per Share	0.05	0.10	Per Share	0.05	0.10	
Cons. Freightways	2nd Qtr.	1982	1981	2nd Qtr.	1982	1981	2nd Qtr.	1982	1981	2nd Qtr.	1982	1981	
Revenue	307.8	262.6	262.6	Revenue	307.8	262.6	Revenue	77.9	100.0	Revenue	77.9	100.0	
Profits	1.15	0.61	0.61	Profits	1.15	0.61	Profits	0.05	0.05	Profits	0.05	0.05	
Per Share	0.59	0.76	0.76	Per Share	0.59	0.76	Per Share	0.03	0.03	Per Share	0.03	0.03	
Full Photo	1st Half	1982	1981	1st Half	1982	1981	1st Half	1982	1981	1st Half	1982	1981	
Revenue	22,500	20,400	20,400	Revenue	22,500	20,400	Revenue	5,100	5,500	Revenue	5,100	5,500	
Profits	2,200	2,200	2,200	Profits	2,200	2,200	Profits	500	500	Profits	500	500	
Per Share	97.02	74.09	74.09	Per Share	97.02	74.09	Per Share	0.05	0.05	Per Share	0.05	0.05	
United States	Continental Group	1st Half	1982	1981	First Interstate	1st Half	1982	1981	First Interstate	1st Half	1982	1981	
Air Products	Revenue	1,250	1,100	Revenue	1,250	1,100	Revenue	1,250	1,100	Revenue	1,250	1,100	
Profits	197.1	199.0	199.0	Profits	197.1	199.0	Profits	197.1	199.0	Profits	197.1	199.0	
Per Share	0.84	0.99	0.99	Per Share	0.84	0.99	Per Share	0.84	0.99	Per Share	0.84	0.99	
2nd Qtr.	1982	1981	1st Half	1982	1981	1st Half	1982	1981	1st Half	1982	1981		
Revenue	1,205	1,050	1,050	Revenue	1,205	1,050	Revenue	1,205	1,050	Revenue	1,205	1,050	
Profits	190.0	192.0	192.0	Profits	190.0	192.0	Profits	190.0	192.0	Profits	190.0	192.0	
Per Share	1.24	1.24	1.24	Per Share	1.24	1.24	Per Share	1.24	1.24	Per Share	1.24	1.24	
Control Data	1st Half	1982	1981	Merck	1st Half	1982	1981	Merck	1st Half	1982	1981		
Revenue	1,040	970	970	Revenue	1,040	970	Revenue	1,040	970	Revenue	1,040	970	
Profits	140.0	140.0	140.0	Profits	140.0	140.0	Profits	140.0	140.0	Profits	140.0	140.0	
Per Share	1.32	1.32	1.32	Per Share	1.32	1.32	Per Share	1.32	1.32	Per Share	1.32	1.32	
Donaldson Lufkin	1st Half	1982	1981	Transamerica	1st Half	1982	1981	Transamerica	1st Half	1982	1981		
Revenue	77.2	72.0	72.0	Revenue	77.2	72.0	Revenue	77.2	72.0	Revenue	77.2	72.0	
Profits	12.0	12.0	12.0	Profits	12.0	12.0	Profits	12.0	12.0	Profits	12.0	12.0	
Per Share	0.54	0.54	0.54	Per Share	0.54	0.54	Per Share	0.54	0.54	Per Share	0.54	0.54	
American Cyanimid	1st Half	1982	1981	Northrop	1st Half	1982	1981	Northrop	1st Half	1982	1981		
Revenue	1,071	1,050	1,050	Revenue	1,071	1,050	Revenue	1,071	1,050	Revenue	1,071	1,050	
Profits	191.0	192.0	192.0	Profits	191.0	192.0	Profits	191.0	192.0	Profits	191.0	192.0	
Per Share	0.58	0.60	0.60	Per Share	0.58	0.60	Per Share	0.58	0.60	Per Share	0.58	0.60	
Hutton (E.F.)	2nd Qtr.	1982	1981	Union Carbide	2nd Qtr.	1982	1981	Union Carbide	2nd Qtr.	1982	1981		
Revenue	1,090	1,050	1,050	Revenue	1,090	1,050	Revenue	1,090	1,050	Revenue	1,090	1,050	
Profits	124.0	125.0	125.0	Profits	124.0	125.0	Profits	124.0	125.0	Profits	124.0	125.0	
Per Share	0.61	0.61	0.61	Per Share	0.61	0.61	Per Share	0.61	0.61	Per Share	0.61	0.61	
American Cyanimid	1st Half	1982	1981	Bosch (Rhein)	1st Half	1982	1981	Bosch (Rhein)	1st Half	1982	1981		
Revenue	1,090	1,050	1,050	Revenue	1,090	1,050	Revenue	1,090	1,050	Revenue	1,090	1,050	
Profits	124.0	125.0	125.0	Profits	124.0	125.0	Profits	124.0	125.0	Profits	124.0	125.0	
Per Share	0.61	0.61	0.61	Per Share	0.61	0.61	Per Share	0.61	0.61	Per Share	0.61	0.61	
Grindlays	1st Half	1982	1981	Deutsche Bank	1st Half	1982	1981	Deutsche Bank	1st Half	1982	1981		
Revenue	1,090	1,050	1,050	Revenue	1,090	1,050	Revenue	1,090	1,050	Revenue	1,090	1,050	
Profits	124.0	125.0	125.0	Profits	124.0	125.0	Profits	124.0	125.0	Profits	124.0	125.0	
Per Share	0.61	0.61	0.61	Per Share	0.61	0.61	Per Share	0.61	0.61	Per Share	0.61	0.61	
Bank on Grindlays	1st Half	1982	1981	Al-Mal International	1st Half	1982	1981	Al-Mal International	1st Half	1982	1981		
Revenue	1,090	1,050	1,050	Revenue	1,090	1,050	Revenue	1,090	1,050	Revenue	1,090</td		

Tuesday's NYSE Closing Prices

Tables include the nationwide prices up to the closing on Wall Street.

Tuesday's AMEX Closing Prices

Tables include the nationwide prices up to the closing on Wall Street.

12 Month High	Stock Div.	Yld.	P/E	Sls.	100s High	Low	Cust. Cost
124	126	10%	10	24	14	9	150
125	126	10%	10	24	14	9	150
126	126	10%	10	24	14	9	150
127	126	10%	10	24	14	9	150
128	126	10%	10	24	14	9	150
129	126	10%	10	24	14	9	150
130	126	10%	10	24	14	9	150
131	126	10%	10	24	14	9	150
132	126	10%	10	24	14	9	150
133	126	10%	10	24	14	9	150
134	126	10%	10	24	14	9	150
135	126	10%	10	24	14	9	150
136	126	10%	10	24	14	9	150
137	126	10%	10	24	14	9	150
138	126	10%	10	24	14	9	150
139	126	10%	10	24	14	9	150
140	126	10%	10	24	14	9	150
141	126	10%	10	24	14	9	150
142	126	10%	10	24	14	9	150
143	126	10%	10	24	14	9	150
144	126	10%	10	24	14	9	150
145	126	10%	10	24	14	9	150
146	126	10%	10	24	14	9	150
147	126	10%	10	24	14	9	150
148	126	10%	10	24	14	9	150
149	126	10%	10	24	14	9	150
150	126	10%	10	24	14	9	150
151	126	10%	10	24	14	9	150
152	126	10%	10	24	14	9	150
153	126	10%	10	24	14	9	150
154	126	10%	10	24	14	9	150
155	126	10%	10	24	14	9	150
156	126	10%	10	24	14	9	150
157	126	10%	10	24	14	9	150
158	126	10%	10	24	14	9	150
159	126	10%	10	24	14	9	150
160	126	10%	10	24	14	9	150
161	126	10%	10	24	14	9	150
162	126	10%	10	24	14	9	150
163	126	10%	10	24	14	9	150
164	126	10%	10	24	14	9	150
165	126	10%	10	24	14	9	150
166	126	10%	10	24	14	9	150
167	126	10%	10	24	14	9	150
168	126	10%	10	24	14	9	150
169	126	10%	10	24	14	9	150
170	126	10%	10	24	14	9	150
171	126	10%	10	24	14	9	150
172	126	10%	10	24	14	9	150
173	126	10%	10	24	14	9	150
174	126	10%	10	24	14	9	150
175	126	10%	10	24	14	9	150
176	126	10%	10	24	14	9	150
177	126	10%	10	24	14	9	150
178	126	10%	10	24	14	9	150
179	126	10%	10	24	14	9	150
180	126	10%	10	24	14	9	150
181	126	10%	10	24	14	9	150
182	126	10%	10	24	14	9	150
183	126	10%	10	24	14	9	150
184	126	10%	10	24	14	9	150
185	126	10%	10	24	14	9	150
186	126	10%	10	24	14	9	150
187	126	10%	10	24	14	9	150
188	126	10%	10	24	14	9	150
189	126	10%	10	24	14	9	150
190	126	10%	10	24	14	9	150
191	126	10%	10	24	14	9	150
192	126	10%	10	24	14	9	150
193	126	10%	10	24	14	9	150
194	126	10%	10	24	14	9	150
195	126	10%	10	24	14	9	150
196	126	10%	10	24	14	9	150
197	126	10%	10	24	14	9	150
198	126	10%	10	24	14	9	150
199	126	10%	10	24	14	9	150
200	126	10%	10	24	14	9	150
201	126	10%	10	24	14	9	150
202	126	10%	10	24	14	9	150
203	126	10%	10	24	14	9	150
204	126	10%	10	24	14	9	150
205	126	10%	10	24	14	9	150
206	126	10%	10	24	14	9	150
207	126	10%	10	24	14	9	150
208	126	10%	10	24	14	9	150
209	126	10%	10	24	14	9	150
210	126	10%	10	24	14	9	150
211	126	10%	10	24	14	9	150
212	126	10%	10	24	14	9	150
213	126	10%	10	24	14	9	150
214	126	10%	10	24	14	9	150
215	126	10%	10	24	14	9	150
216	126	10%	10	24	14	9	150
217	126	10%	10	24	14	9	150
218	126	10%	10	24	14	9	150
219	126	10%	10	24	14	9	150
220	126	10%	10	24	14	9	150
221	126	10%	10	24	14	9	150
222	126	10%	10	24	14	9	150
223	126	10%	10	24	14	9	150
224	126	10%	10	24	14	9	150
225	126	10%	10	24	14	9	150
226	126	10%	10	24	14	9	150
227	126	10%	10	24	14	9	150
228	126	10%	10	24	14	9	150
229	126	10%	10	24	14	9	150
230	126	10%	10	24	14	9	150
231	126	10%	10	24	14	9	150
232	126	10%	10	24	14	9	150
233	126	10%	10	24	14	9	150
234	126	10%	10	24	14	9	150
235	126	10%	10	24	14	9	150
236	126	10%	10	24	14	9	150
237	126	10%	10	24	14	9	150
238	126	10%	10	24	14	9	150
239	126	10%	10	24	14	9	150
240	126	10%</td					

SPORTS

Soccer Instead of War? You Cannot Be Serious!

International Herald Tribune
LONDON.— Shortly after John Havelange became president of FIFA, his global designs for the game were symbolized by placing a copyright on the world.

In an apparently subtle change, FIFA's badge was altered so its two interlocked soccer balls now incorporate a map of our planet. Havelange very nearly has the whole world in his hands; the Federation Internationale de Football Association rules in some 150 countries, a domain wider than the Olympics, wider than the United Nations.

Yet even the expansive Havelange must struggle to hear voices from the United States advocating soccer as a substitute for war. As an infant in the soccer family, America, which plays on a plastic surface and sits in FIFA, America, which this year comes to life after a decade and a half of flouting the game's basic laws on the field.

An American was allowed to give us the message at the World Cup final in Madrid last week.

One Eugene E. Forte, signing himself chairman of the board, Excelsior Corp., Beverly Hills, distributed to the world's media his "proposal for a solution to the Falklands/Malvinas conflict."

Forte's solution was for Argentina and Britain to "send their best young men forth—but not to die." What then? To play soccer, winner take all, for the territory over which the two nations have squabbled for longer than any of us have lived.

What, after all, is a war but a contest of superiority between two groups of specially trained men? argues Forte. "An athlete is as special a breed of man as a soldier and one as well equipped to uphold national honor."

The word-honor worries this observer of trends in international sports. There is a

temptation to respond in the fashion of one of Forte's countrymen, John McEnroe: "Sir, you cannot be serious!"

But serious, Forte certainly is. "We realize this method of settling disputes is not universally applicable. Yet in this case we believe it has a chance of acceptance and suc-

ROB HUGHES

cess. And if it does succeed, what will this mean to our progeny? How many lives might this simple precedent save in the next 20, 50 or 100 years?

I do not know how deep Forte's knowledge of soccer is, whether or not he appreciates that the course of history might by his formula become so utterly unstable. If, for example, Argentina played England (not Britain, the British have yet to agree to a formula to play sport as one nation) in 1978, the Argies would win the Malvinas in a cakewalk; if they played on the evidence of the 1982 World Cup, either England or Scotland might easily have captured the Falklands.

If one player, say Diego Maradona, had an inspired 20 minutes, the islands might fall to his genius. If, however, Maradona suffered the kind of unarmed combat by which Italy brutally debilitated him earlier this month, then his country would lose the war.

In broader context, Forte's logic is for the super powers to dismantle warheads and settle differences on the fields of sport. In soccer? No sir, not for the generation it will take Americans to learn the game.

Athletics? That already happens. Well, sometimes. The United States boycotted the 1980 Moscow Olympics in protest against Russia's military intervention in Afghanistan, and we wait to see if the Russians will come out to play in Los Angeles in 1984.

It is why soccer can truly be seen as the

Maybe, if they have the stronger team, they will.

But we digress. Soccer is the subject, and Forte's is not a lonely voice in the wilderness. The Washington Post, no less, is right behind him.

In a recent editorial, the Post's emotions were uplifted by the passionate Italian celebration, the "mad, explosive revelry . . . Nationalism gone beserk, only—blessedly—nationalism without F-16s."

The editorial went close to Forte's theme as a bloodless substitute for patriotic carnage.

I sympathize, readily and wholeheartedly, with the sentiment. But the logic I find a little obscure. What war—apart from its internal struggle against terrorists—is it to Italy's horizon? How long and how deep will the mood of celebration last? What does it mean to the millions, perhaps the majority, who do not even share the Italian macho expression of soccer as having significant purpose?

The questions, alas, could fill this page. They could start a thousand quarrels, maybe even provoke a war. Seriously, if we can talk of soccer as a war substitute, then we must accept that it can go the other way. The game's history claims no success in preventing armed struggle, though it did once start hostilities between Honduras and El Salvador. The Latin American neighbors may have been on the brink, but a contentious soccer match provided the spark.

However, lest this sounds like a purist argument of sport for the sportsman, let me assure you I accept that soccer is a political weapon, a commercial catalyst, a short-term infusion to any nation's well-being. That is why both the president of Italy and the chancellor of West Germany sat in the stands in Madrid this month.

It is why soccer can truly be seen as the

people's opium in the shanties of Brazil. Why black Africans can successfully demonstrate equality with whites—and why white South Africa is at this very moment paying more than \$1.5 million in a blatant and thankfully pathetic attempt to buy its way out of FIFA's expulsion of a country that practices racial discrimination in sport.

And we saw first hand at the World Cup how a tiny nation can at least reach up to bloody the nose of its oppressor through sport. Poland put Russia out of this World Cup, and the Poles, moreover, used the platform of three quarters of a billion television viewers to advertise the claims of Solidarity.

In Warsaw and Gdańsk tens of thousands

will have been slightly uplifted by this, their spirits will have been temporarily eased.

But that is all. The sporting success cannot erase their anguish or improve the quality of their lives. It will not begin to put food into mouths which pine for it. All it does is give a little temporary diversion to the despair and the pent up aggression.

But soccer is not useless in helping the world's problems. Many of the players who fought for themselves, their families and their nations in the World Cup will converge on Giants Stadium in New York on Aug. 4 to play a game to raise funds for Unicef.

There is a cause Americans can get behind. And there, in terms of the understanding of cultures, is a small pocket of hope that soccer can serve its original purpose. Not to substitute a war, but to get together the representatives of different nations so that they might understand each other better.

The World Cup we have just seen singularly fails in this objective. It divides the teams in camps surrounded by the machinery of war; it ensures that men distrust, even hate, opponents they never get to share a drink with. Unicef will not be the only cause to benefit on Aug. 4.



Rich Gedman of the Red Sox (right) upended Mike Richard, the Ranger second baseman, to break up a double-play attempt Monday night during the Red Sox' 9-5 victory over the Rangers.

Pirates Top Reds on Berra's 3 RBIs

United Press International

CINCINNATI.— Dale Berra drove in three runs, including the game-winner with a sacrifice fly in the sixth inning, to lead the Pittsburgh Pirates to a 5-4 victory Monday night over the Cincinnati Reds.

Berra's sacrifice fly capped a two-run sixth that gave Pittsburgh a 4-3 lead. Berra also added a run-scoring single in the second inning and a bases-empty home run, his sixth, in the eighth.

Many Sartoris, who replaced starter Ross Baumgarten with one out in the third, buried three-hit relief for 4½ innings to receive credit for the victory, with Kent Tekulve earning his 13th save by retiring the Reds in the ninth.

A tragedy occurred during the game when a 21-year-old woman plunged 40 feet from an upper-level seat. She died of massive internal and head injuries upon arrival at hospital.

Authorities determined that she

had come to the game with another young woman and that she apparently had been drinking an alcoholic beverage from a thermos before the fall.

Cubs 6, Astros 5

In Chicago, Jerry Morales' pinch-hit single with two outs in the bottom of the 10th capped a two-run rally and gave the Cubs a 6-5 victory over Houston.

Dodgers 2, Expos 1

In Los Angeles, Vicente Romo scattered three hits and did not allow a run over seven innings to pick up his first victory in eight years and lift Los Angeles to a 2-1 triumph over Montreal.

Braves 4, Cardinals 1

In St. Louis, Bob Horner's two-run single capped a three-run eighth inning that lifted Atlanta to a 4-1 victory over St. Louis and snapped the Cardinals' three-game winning streak.

Phillies 7, Padres 6

In San Diego, Gary Matthews delivered a two-run single in a four-run third inning, and Ron Reed halted an eight-inning rally to lift Philadelphia to a 7-6 victory over San Diego.

White Sox 6, Tigers 0

In the American League, Detroit Dennis Lamp beat Detroit for the third time in as many decisions this season and blanked them for the second time in helping Chicago snap a five-game losing streak with a 6-0 triumph.

Blue Jays 4, Royals 2

In Toronto, Barry Bonnell and Leon Roberts hit bases-empty homers to power Toronto to a 4-2 triumph over Kansas City.

Red Sox 9, Rangers 5

In Boston, Carl Yastrzemski hit a three-run homer to cap a five-run eighth inning as Boston beat Texas 9-5, handing the Rangers their seventh consecutive defeat. Yastrzemski, who went 3-for-3 to raise his

batting average to .304, greeted reliever Jon Matlack with his 12th homer and first since July 5.

Yankees 5, Mariners 3

In Cleveland, a throwing error by third baseman Wayne Gross on an infield hit by Toby Harrah enabled Jack Perconte to score the winning run as the Indians rallied for two runs in the ninth to beat Oakland, 5-4, and extend the A's losing streak to six games.

Angels 6, Orioles 5

In Baltimore, Bob Boone and Reggie Jackson hit home runs to power the Angels to a 6-5 victory over Baltimore.

Monday's Major League Line Scores

AMERICAN LEAGUE

Texas	101 91 102-5	12 0
Medics	100 89 105-6	0 0
Senators	100 87 103-8	0 0
Clear	9-4 L-Durso, R-Gordon	0-0
Murphy	W-Lad, 6-7, L-Brock, 3-HR-Boston	0-0
Terrell	100 86 103-9	0 0
Roberts	202 90 100-10	1 1
Chicago	100 89 100-10	0 0
Lam & Flax	W-Wise, 111, Sosa (B)	0-0
& HRs-Chicago, Balles (13), V.Law (2)	0-0	0-0
Orlando	100 89 100-10	0 0
McCarthy	100 89 100-10	0 0
John	6-7, L-Nelson, 4-10, HR-Earle, Zisk (10); New York, Gamble (8), Winfield (16), L.M.Parrish, W-Lampe, 7-8, Wilson (13)	0-0
Alvarez	100 89 100-10	0 0
Minnesota	100 89 100-10	0 0
Seattle	100 89 100-10	0 0
Heller	100 89 100-10	0 0
Anderson	100 89 100-10	0 0
McGraw	100 89 100-10	0 0
Wynne	100 89 100-10	0 0
Winnipeg	100 89 100-10	0 0
Winnipeg	100 89 100-10	0 0
St. Louis	100 89 100-10	0 0
Atlanta	100 89 100-10	0 0
Montreal	100 89 100-10	0 0
Montreal	100 89 100-10	0 0
Los Angeles	100 89 100-10	0 0
San Francisco	100 89 100-10	0 0
Houston	100 89 100-10	0 0
Cincinnati	100 89 100-10	0 0
West	55 34 371 —	1 1
St. Louis	49 34 372 —	0 0
Montreal	49 34 372 —	0 0
New York	49 34 372 —	0 0
Chicago	56 34 372 —	0 0
Atlanta	55 34 371 —	1 1
St. Louis	49 34 372 —	0 0
Los Angeles	49 34 372 —	0 0
San Francisco	49 34 372 —	0 0
Houston	49 34 372 —	0 0
Cincinnati	49 34 372 —	0 0
West	55 34 371 —	1 1
Philadelphia	53 34 371 —	0 0
St. Louis	51 41 354 —	1 1
Montreal	42 43 352 —	0 0
New York	42 43 352 —	0 0
Chicago	42 43 352 —	0 0
Atlanta	42 43 352 —	0 0
St. Louis	42 43 352 —	0 0
Los Angeles	42 43 352 —	0 0
San Francisco	42 43 352 —	0 0
Houston	42 43 352 —	0 0
Cincinnati	42 43 352 —	0 0
East	51 34 371 —	1 1
Philadelphia	50 34 371 —	0 0
St. Louis	51 34 371 —	0 0
Montreal	47 34 371 —	0 0
New York	47 34 371 —	0 0
Chicago	47 34 371 —	0 0
Atlanta	47 34 371 —	0 0
St. Louis	45 31 352 —	1 1
Cleveland	44 42 354 —	0 0
Toronto	44 42 354 —	0 0
West	52 39 371 —	1 1
Philadelphia	45 41 359 —	3 3
St. Louis	45 41 359 —	0 0
Montreal	44 45 358 —	0 0
New York	44 45 358 —	0 0
Chicago	44 45 358 —	0 0
Atlanta	44 45 358 —	0 0
St. Louis	43 51 352 —	1 1
Cleveland	43 51 352 —	0 0
Toronto	43 51 352 —	0 0
West	50 37 351 —	1 1
California	50 37 351 —	0 0
Kansas City	48 41 351 —	0 0
Chicago	48 41 351 —	0 0
Seattle	48 41 351 —	0 0
Oakland	48 41 351 —	0 0
Texas	48 41 351 —	0 0
Minnesota	48 41 351 —	0 0
AMERICAN LEAGUE	50 37 351 —	0 0
West	51 37 351 —	0 0
Philadelphia	53	

OBSERVER

Dangling Conversation

By Russell Baker

NEW YORK — Dr. Harold Liverworth, the syndicated sociologist, is under the impression that Americans want someone to listen to them. Hence the title of his latest book, "How To Make People Shut Up and Listen To You," published by Quack & Blurb at \$19.95.

Liverworth assumes that the country is teeming with people yearning to be heard. On the other hand, how many of us are so desperate for an audience that we would go out to dinner wearing a ring in the nose?

"Mrs. J.T." is the wife of an auto-parts executive, had gone out to dinner for 17 years without once being listened to by a single guest," he writes. "She was desperate when she came to me for help. 'I'd do anything if, just once, I can make somebody at a dinner table listen to me,' she said."

What did Liverworth recommend? That's right: a ring in her nose. "No one," he writes, "oot the most resolute, egomaniacal blabbermouth, can ignore your conversation when you show up for dinner with a ring in your nose."

This passage clears up a mystery that has bothered me since last September when I went to a dinner party attended by a woman with a ring in her nose. "Why is that woman wearing a ring in her nose?" I asked the host. Not having listened to me, he explained, "That reminds me of a long-winded anecdote about something brilliant I did the other day."

This is an extreme application of the basic Liverworth theory. "If your talk is hopelessly dull," he writes, "turn yourself into a conversation piece. Wear a bottle of fine Bordeaux instead of a necklace or necktie. Have your hips whistled away and wear a transparent skirt or trousers to elicit curiosity."

This advice makes me suspect that Liverworth doesn't go out much. If he did he would know that dangling a bottle of Chateau Margaux in your cleavage is not going to daunt the millions of Americans determined to listen to no one but themselves.



With all due respect to Liverworth's scientific credentials, I consider myself the world's foremost authority on being ignored in what passes for American conversation. No one has listened to me in a conversation in the last 20 years, and, far from whining about it, I find it enjoyable.

At first, of course, it was depressing. This was at Washington dinner parties. Seated between two women who had been officially certified orthodox by the U.S. government, I would be asked three questions in sequence by the woman on the right:

"What do you do?" "Where did you go to college?" "What school are your children in?"

Then it was the turn of the woman on the left: "What do you do?" "Where did you go to college?" "What school are your children in?"

Having answered twice, I turned back to the one on the right. "What do you do?" she always asked.

One night I replied, "I have just slain the butcher's wife with a broadsword."

"Where did you go to college?" she replied.

"Because she threatened to expose me as an agent of the KGB unless I abandoned my family and ran away with her to Samoa," I said.

"What school are your children in?" she inquired.

Since then I have found the pleasures of not being listened to so exhilarating that going out to parties has again become a joy. I often cry out, "I have just slain the butcher's wife with a broadsword," and I know that the other men will compete to be the first to say, "It's interesting you should say that because when I went to the bank the other day this profound insight occurred to me, which you don't mind the very long story . . ."

"That's true," someone will be bound to say, "but you wouldn't be wearing polyester shirts today if the Supreme Court had ruled . . ."

I never listen to the ends of these conversational gambits, of course. I am too busy looking for the opportunity to cry, "Aha! I have just punctured the hostess's girdle with the very épée that Basil Rathbone wielded in 'Captain Blood'."

This is much more pleasant than having your hips whistled away, and as ineffective for getting an audience.

By Michael Zwerin
International Herald Tribune

MONTREUX, Switzerland —

Feeling alienated? Responsibilities got you down? Time to disappear for a while.

Congressmen go on the campaign trail. Couples visit 10 cities in 12 days on vacation. Young men go to sea. Working-class families live in trailers. Dictators visit their provinces. Hippies crash in Goa. Musicians go on the road.

On the road, alienation is no longer a problem. You are alien everywhere. You travel from Bangkok, Baton Rouge, or Berlin to Barcelona, and end up in a hotel exactly like the one you just left.

You talk to people exactly like the ones you talked to in the last place. You sleep rather than rest, pass out rather than fall asleep. Breakfast in the afternoon, dinner at dawn. Your creditors cannot reach you. Mail never seems to catch up. Your wife can't nag you, your manager tells you where to go, and when and how, and all you have to do is be on time and sober and actually eat much of either.

"Isn't this great?" Steve Miller said in his hotel here on what's called the Swiss Riviera. Miller has just started a "two-and-a-half-year project" — he's going on the road for that long. He looked out the window: "Hey, that lake real-

ly does look good. I'm 38, I still got a band, people still want to hear it and I'm playing my guitar in Switzerland in July."

The Steve Miller Band's "Sailor" in 1968 was one of the first rock albums to use the recording studio as an instrument. It was also one of the first to structure rock as an extended suite. "Sailor" never sold very much but it influenced a lot of people and was "good enough for me to continue working. I just went out and toured it. I played every psychotropic dungeon in the world."

He was basically on the road for the next six years. His follow-up albums, including "Brave New World," "Fly Like an Eagle" (which was on the chart for more than a year and sold more than 3 million copies), "Book of Dreams" and "The Joker," made him "a whole lot of bread. But the guys had run out my tours set them up like just go out and do as many gigs as possible till you tired. And I got so big I became isolated. It became impossible for me to just go out and play my guitar. So I decided to disappear for a while."

Miller is a heavy man who seems somehow thin. He moves fast and uses his entire body to talk. There is a lot of confidence here; he is a dork and he started doing it early. He was born in Milwaukee in 1943; his family soon moved to Dallas and by the age of 5 he had learned his first guitar chords from Les Paul and Mary Ford, who were friends of his father. He had his own band, "The Marksman Combo" (which included his brother Boz Scaggs), at the age of 12.

"I played for fraternities and sororities, Catholic youth centers and rich-kid country club dances in Texas and Oklahoma. When I was 14 I had to teach my older brother to play the bass because he had a driver's license so I could get to work."

Real Musicians'

Five years later Miller was enrolled at the University of Wisconsin studying comparative literature. He had another group there (Scaggs was part of it). Then came a year in Copenhagen in the early '60s, studying literature, but school wasn't for him and he went to Chicago to play the blues ("That's all I knew how to play"). He jammed with Mudie Waters, Junior Wells and Otis Rush as well as musicians of his generation like Paul Butterfield and Michael Bloomfield: "That was the first time I played with real musicians, not just greasy-haired punks."

He worked as a junior in a Dallas studio to learn recording techniques: "I kept that studio really polished. I ruined the finish on a piano when I scrubbed it one day. I sort of overdid it. All I wanted was some recording time and they finally gave it to me."

"Something was happening" in San Francisco, so he went there, and, as it can in rock, it happened for him fast. "Big-time productions with light shows in football stadiums was something I and my peers developed." But in 1976 he decided: "I'm a musician, oot a personality. I want to lead a normal life. I want to be able to go into a grocery store and oot be recognized."

He bought a farm in central Oregon where he raised horses, cows, goats, pigs, bees, peacocks, 16 types of fowl and a recording studio. "I designed it and built it, the whole studio from the ground up. I had a building inside a building with a floating separate cement floor so the base line wouldn't run through it. pipes underneath everything. I bought a console and installed it myself.

"I flew all over the world to

look at hardware. I went to Germany and spent a day in Karlsruhe Stockhausen's studio. I said to my record company, 'I want to meet Stockhausen and watch him work, he's on my label too, fix it.' I watched him work on one of his pieces, 'Sextus,' and he handed me the score. It was full of his own notations — triangles, arrows, lines, clouds and rain. I don't read or write music but I could read his score. I was astounded."

"I checked out the German technology, the English technology, the French technology, saw the IRCAM room in Paris with the moveable ceilings and walls and played with the synthesizers they were designing. I went back to Oregon and hired some carpenters who knew how to build airplane wings to finish my studio. I built this amazing studio but then I realized that technology was just eating me up. I mean, it was a 2,000-mile service call. A guy had to fly up from L.A. to Medford, Oregon, to repair something. It was crazy."

So he found a cowboy to run the ranch and an engineer to take care of the studio, moved to Seattle and picked up the guitar again. Miller is a sort of minimalist magician who is able to transform lack of substance into musical meat, and he's done his trick again with his latest album, the aptly named "Abracadabra," which last week shot from 37 to 18 on the Billboard Magazine chart. There are a lot of borrowings and recycled licks, but, as Rolling Stone magazine put it: "As infatinatingly dispensable as meaningless and catchy as ever, [Miller] has . . . once again pulled off a hummable sleight of hand."

He "really loves to paint" and during the two-and-a-half-year road project is over, he would like to paint in the south of France for a while. "I've been going to a lot of museums in France. I'm discovering Picasso's bad paintings. They're wonderful. And here I am on vacation playing guitar, July in Switzerland on the lake. Isn't that wild?"

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"I flew all over the world to

On the Road With Steve Miller

By Michael Zwerin
International Herald Tribune

MILAN, Italy — The 38-year-old Steve Miller Band is touring Italy this month, performing at 12 dates in 10 cities.

Steve Miller, the leader of the band, is a tall, dark, bearded man with a gentle smile and a twinkle in his eye. He is wearing a dark jacket and light-colored trousers, and is carrying a guitar case.

He is a man who seems to be in control of his life, but not necessarily of his career. He is a man who has achieved success but not necessarily fame. He is a man who has won awards but not necessarily critics' admiration.

He is a man who has a sense of humor but not necessarily a sense of irony. He is a man who has a sense of style but not necessarily a sense of fashion.

He is a man who has a sense of rhythm but not necessarily a sense of melody. He is a man who has a sense of taste but not necessarily a sense of beauty.

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A Gucci Sues 5 Others

Paolo Gucci, of the Italian fashion and leather goods family, has sued five relatives for \$2 million, alleging that they beat him up in Florence last week when he complained of not having enough work to do. Paolo charged in the suit filed in New York that his brothers Giorgio and Roberto and cousin Maurizio "wilfully and maliciously assaulted, battered and beat me, using their hands, fists and various objects" in an attack instigated by his father, Aldo, and uncle Rodolfo. Paolo left the business in 1980 to become an independent designer. He said he returned in February only to find that he wasn't allowed to do anything and was constantly humiliated and harassed.

Paolo Gucci's lawyer said that his client entered a family meeting with a tape recorder and told his relatives that he was going to record the session, whereupon his brothers beat him and hit him on the head with a tape recorder. He was treated at a hospital for cuts, bruises and a possible concussion and is still under a doctor's care, his lawyer said.

Former Empress Farah Diba of Iran has decided to make France her permanent home and has secured President Francois Mitterrand's approval, the Egyptian magazine October reports. The magazine, which has good connections with the Egyptian government, said that Mitterrand reversed a decision by his predecessor, Valery Giscard d'Estaing, who the magazine said had refused to give Farah shelter "for political reasons."

Farah and her children, including the pretender to the Peacock Throne, Cyrus Reza Pahlavi, have been in exile in Cairo since the death of her husband, Reza Mohammed Pahlavi, in July, 1980, but they spent most of their time outside of Egypt. October said that Farah had bought the Cote d'Azur estate of the late French actress Martine Carol.

An 11-year-old violinist stole an international jewelry company are in court for the second time this year.

The singer has been sued for \$100 million in damages by Harry Winston Inc., over newspaper advertisements in which McGuire offered a \$1-million reward for the return of gems that she said were stolen. McGuire left them with the jeweler Winston's suit, naming McGuire's attorney, Melvin Belli Sr., as defendants, contended that the ads were designed to "intimidate and harass" the jeweler into setting a \$60-million damage suit brought by McGuire against the company in Las Vegas on Feb. 22. McGuire's suit charged Winston's with switching worthless stones for valuable gems left with the jeweler for remounting and cleaning. The ads were published between April 28 and June 30 in San Francisco and Las Vegas newspapers as well as in the International Herald Tribune and the Daily Telegraph of London.

It was billed as the first time classical music had ever been played in an Amsterdam canal, so you'd expect a few hitches. Shortly before the concert by the American pianist Barbara Nissman, as a nine-foot concert grand was being lowered by crane onto a barge in the Prinsengracht canal, the piano

fell into the water. After a few hours of frantic efforts to raise the piano, the concert was postponed until the following day.

The Japanese-American sculptor Isamu Noguchi has been awarded the Edward MacDowell Medal for outstanding lifelong contribution to the arts. The medal, named after MacDowell Colony in Peterborough, N.H., a summer residence for artists and writers founded at MacDowell's home by his wife, Marian Nevens MacDowell, after he died in 1908.